



**APPROVED
MINUTES
COMMUNITY DEVELOPMENT COMMISSION MEETING
Tuesday, May 24, 2016, City Council Chambers
400 South Vine Street, Urbana, IL 61801**

Call to Order: Chairperson Cobb called the regular meeting to order at 7:02pm.

Roll Call: Kelly H. Mierkowski called the roll. A quorum was present.

Commission Members Present: Fred Cobb, Brian Cunningham, Chris Diana, Anne Heinze Silvis, and Lauren Karplus

Commission Members Excused/Absent: Janice Bengtson and Jerry Moreland

Others Present: Kelly H. Mierkowski and Matt Rejc, Community Development Services.

Approval of Minutes: Chairperson Cobb asked for approval or corrections to the April 26, 2016 minutes. Commissioner Cunningham moved to approve the minutes as written and Commissioner Karplus seconded the motion. The motion carried unanimously.

Petitions and Communications: Chairperson Cobb asked if there was any written communication to the Commission; there were none.

Audience Participation: Chairperson Cobb stated that audience members could speak if they so wished, no one from the audience stepped forward to speak.

Staff Report: Kelly H. Mierkowski, Grants Management Division Manager, provided a brief overview of the staff report provided to the Commissioners that evening, which included HUD activities, staff activities, meetings attended, and various projects and programs.

Old Business: None

New Business:

A RESOLUTION APPROVING A SUBRECIPIENT AGREEMENT BETWEEN THE URBANA HOME CONSORTIUM AND HIGHLAND GREEN, LLC.

A RESOLUTION APPROVING A SUBRECIPIENT AGREEMENT BETWEEN THE CITY OF URBANA AND HIGHLAND GREEN, LLC.

Ms. Mierkowski stated Mr. Rejc would start the presentation and then questions would be answered as they arise. The first resolution is for the Urbana HOME Consortium to transfer funds to Highland Green, LLC, the development consortium that is trying to build what was known as the Kerr Avenue Sustainability Development and is now known as Highland Green. This resolution goes hand in hand with the second resolution which conveys Community Development Block Grant (CDBG) funds. For purposes of logistics, it is two separate agreements, one between the Urbana HOME Consortium and the developer, and one between the City of Urbana and the developer. The City of Urbana agreement would

convey CDBG funds and the other agreement would convey HOME funds. The two agreements combined total \$500,000 being given to the developer for various uses: \$291,000 in terms of HOME funds and the remainder (about \$200,000) in CDBG funds. This was done to fill the financial gaps that the developer had for this project. Most of the funding is provided by the Low Income Housing Tax Credits (LIHTC) through the Illinois Housing Development Authority (IHDA) and the other gap financing, but their pro forma is tight so this funding is crucial to allow this development to meet the City's goals that have been set for this development for the past several years. This is a very important contribution from the City of Urbana and Urbana HOME Consortium.

The HOME funding would fund actual specific units at the development, right now based on per unit maximum subsidies, there would be two units that would be subject to HOME rent restrictions and a 20 year affordability period and other restrictions per HOME regulations. The CDBG funding is only allowed to be used for infrastructure, it cannot be used for new construction of housing units, but the site plans show construction of new roads, new sewage facilities, pipes; the developer has estimated about \$1 million worth of infrastructure work that the CDBG funds will assist with the work that can be done.

As mentioned before, this project has been voiced through many City documents and Council has repeated its support of this project; it is listed in the previous and current City of Urbana and Urbana HOME Consortium Consolidated Plans, is included in the Council and Mayor Goals for the City. The 2005 City of Urbana Comprehensive Plan, although more of a land use document, many of the goals stated in that document would be met through this development. A very important benefit of the HOME funds being contributed to this project is that it is a very large component of meeting our HOME commitment deadline. It is about \$500,000 in HOME funds that the Consortium as a whole, made up of the City of Urbana, City of Champaign and Champaign County (CCRPC), needs to be able to make.

There is a plan in place to commit the total amount by the deadline, but this is a critical component of the plan by committing these funds to Highland Green. Programmatically, this project is in keeping with many of the guiding documents of the City of Urbana and Urbana HOME Consortium. Staff recommends that the Community Development Commission forward these resolutions advancing these funds to the developer to the Urbana City Council with a recommendation for approval. Mr. Rejc than asked if there were any questions from the Commissioners.

Chairperson Cobb commented about the agreement to provide \$500,000 in total and that the request was for \$450,000. An extra \$50,000 was given to the developer, plus the most recent pro forma reveals that there is an unmet need and insufficient contingency. What is the unmet need? Mr. Rejc explained that with their sources right now, i.e. the funding they have, they do not have much to fall back on even though their financial needs are being met. If any of the costs increase, if the estimates were off, etc., they do not have a contingency to fall back on. Staff thought it would be appropriate to provide them with more funds to give them more of a financial cushion in case costs increase.

Commissioner Cunningham stated that the development started as the Kerr Avenue Sustainability Development, and now it is Highland Green. What is the timeframe for completion? Mr. Rejc responded in that part of the restrictions for using HOME funds is that construction needs to begin within 12 months. So in order to commit HOME funds to this project, we have to have a confidence that it will begin construction within the 12 months. They hope to close on all their financing relatively soon and after that we would estimate it to be within 9-12 months that they would begin construction. We understand that it has been a long time coming, but we are as close as we have ever been to the project beginning.

Ms. Mierkowski also stated that part of the time delay was waiting for the developer to receive Low Income Housing Tax Credits (LIHTC) from the Illinois Housing Development Authority (IHDA), in that the developer applied over several years to receive the tax credits, as developers really need the tax credits in order to make the project more affordable to build. It took several years for IHDA to free up the tax credits, as there were a lot of new developments in the community that had received the tax credits which have now been built. The developers were able to receive the tax credits this past spring, which is why we are moving quickly on this project.

Commissioner Silvis asked if there was anything on the lot, and Mr. Rejc stated there are no structures on the property. The lots are adjacent to Crystal View Townhomes, Crystal View Townhomes on the west and Barr Avenue to the south, Cunningham Motors to the east. Ms. Mierkowski stated that Crystal View Townhomes were more southwest of the properties. The plan by the developer is to include amenities from Crystal View Townhomes for the Highland Green project.

Commissioner Diana followed up on an earlier comment with regard to the unmet needs. The unmet need was the lack of contingency funds and Mr. Rejc agreed. Commissioner Diana stated that roughly 40% is CDBG and 60% is HOME; depending upon how this project rolls out, what we were using as the identification of the use for CDBG funds, with the physical infrastructure development, is all of that compliant with the normal use of funds? Normally when we talk about infrastructure, we do not talk about physical infrastructure with CDBG funds. Ms. Mierkowski responded in that in our Annual Action Plan we will list City Infrastructure as an eligible activity, we have work with our Public Works Dept. to do sidewalks, gutters, sewers, etc., so doing physical infrastructure is an eligible activity for CDBG.

Commissioner Diana followed up with another question asking how staff was going to keep track of the funds, i.e. determine that funds allocated are being used for its intended purpose. The agreements are receiving legal review to make sure they are legally sufficient; that information can be included in the agreements. We can also talk to the developers regarding what specifically needs to be done and then tag certain infrastructure activities in the agreement. Ms. Mierkowski stated that we definitely monitor the activity onsite and will meet with the developer to make sure that the funds are used for their purpose, same as for Crystal View Townhomes and any other project that we allocate funding to.

Commissioner Diana also asked about their funding, wondering how far along they were with their financial piece. Mr. Rejc stated that they have their commitment for the tax credits, which is the biggest portion, along with the other parts that are also committed. We will be getting in touch with the developer to confirm their status with regard to their financing.

Chairperson Cobb wanted clarification regarding the total amount needed for the project at \$7 million and Mr. Rejc confirmed that it is \$7.6 million. Also noted was the fiscal impact of the project, the memo states there will be no fiscal impact on the City general funds. What impact does it have on community development grant funds, i.e. CDBG and HOME? Ms. Mierkowski stated that we have a unique situation, in that we have found older carryover funds from FY 1314 and FY 1415, from when program income was used on projects instead of grant funds, which has to be used first before grant funds. This then freed up grant funds, which were not spent. These funds were found by our new Grants Compliance Specialist, Don Ho and Matt, who did a thorough search of our budget and IDIS through reports. It will not affect any current or past project that we have not completed, nor will it affect FY 1516 funds or FY 1617 funds for projects.

Commissioner Silvis asked if the structures would look similar to Crystal View Townhomes site and Mr. Rejc stated that because it is the same developer as Crystal View Townhomes, presumably it will have a similar look to those units. However, Crystal View Townhomes are attached townhomes, and these will be entirely single family duplex units. It will be much smaller and more spread out, looking more like a single family neighborhood, but it will be all under one ownership it will be rental. The physical characteristics of the units themselves are still being determined, as the development needs to undergo a planned unit development (PUD) analysis, which will play a role in what they are allowed to do in terms of creating the unit and designing them. Ms. Mierkowski also commented that the same architect may be used for this development as was used for Crystal View Townhomes and other developments.

Chairperson Cobb also asked about the public hearing scheduled for June 9th, and Mr. Rejc stated that it will be held at the Plan Commission meeting, for the planned unit development (PUD) that was mentioned earlier. The Plan Commission is an advisory body similar to the Community Development Commission and is open to the public. The Planning Division staff will be sending out the notice of this public hearing, people within 250 feet of the subject property will receive the mailing. Signs will also be placed on the property stating that this property will be the subject of a planned unit development (PUD), with the date, time, and location of the hearing on the sign. Ms. Mierkowski stated that this project is being worked on together with the Planning Division.

Commissioner Diana followed up with another question, with regard to the timing of the project, considering the PUD, etc. Mr. Rejc stated that the project has to begin construction within 12 months, whether it is the infrastructure or units themselves, but we will double check the regulations to make sure.

Chairperson Cobb entertained a motion to either forward the Resolutions to Council with a recommendation for approval, forward the resolutions with to Council with a recommendation for approval with changes, or to not forward for approval. Commissioner Cunningham motioned for approval of the Resolution, Commissioner Diana seconded the motion; the motion carried.

A RESOLUTION AMENDING AN URBANA HOME CONSORTIUM TENANT BASED RENTAL ASSISTANCE PROGRAM AGREEMENT (Community Elements TBRA FY 2012-2013)

Mr. Rejc began by stating that there originally was an agreement signed with Community Elements several years ago, and it dedicated HOME funds from FY 2012-2013. The expenditures for Community Elements for these funds have slowed down over the past few months and the agreement expires June 30, 2016. Because of these reasons and the continued need for this assistance, Community Elements was contacted and since it is within HOME regulations to have a four year expenditure period and the agreement was signed in 2013, we would like to extend this agreement for another year to make the expiration of this agreement June 30, 2017. This will give them more time to spend the funds. They do have another agreement following this one for \$32,000 with the same deadline for expiration, so we would work with them to make sure they spend these funds and making sure that assistance is provided to people who need it. In the short term, we think it would be best to extend this agreement to give them another year to use the funds. Their program is in line with many of the goals in the Consolidated Plan. Staff recommends that Community Development Commission forward this resolution to City Council with a recommendation for approval. Mr. Rejc then asked if there were any questions.

Commissioner Karplus asked if staff are in contact with Community Elements, why are they having trouble spending the funds? Do people not need the assistance, or is it too bureaucratic? Ms. Mierkowski stated that one possibility is that the agency has new staff that is unaware of this program. We will be addressing this issue when we monitor the agency for this particular program. Mr. Rejc agreed that staff would be in contact with Community Elements regarding this program and that monitoring will help us get an in depth look at the program, organization structure, and how it is run. Recommendations can also be made to them regarding how to improve the program and spend the funds more quickly and bring in clients. Commissioner Diana indicated he would recommend it rather strongly that we talk to them about spending the funds, as there is no shortage of rental assistance required in the community, and that it is fine what we are doing here, but the purpose of these funds initially were not to be sure that they are expended so that do not have to go back to HUD, was to expend them as needed. Obviously there is more need there and it is not really being met, so I would be happier if they had run out of funds earlier and were asking for more, rather than it was forgotten in a drawer in the back room.

Chairperson Cobb entertained a motion to either approve the Resolution, approve with suggested changes, or to not approve. Commissioner Silvis motioned for approval of the Resolution, Commissioner Cunningham seconded the motion; the motion carried.

Study Session: No items for this agenda.

Adjournment: Seeing no further business, Chairperson Cobb adjourned the meeting at 7:38 p.m.

Recorded by

Kelly H. Mierkowski
Manager, Grants Management Division

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