UNAPPROVED

MINUTES
COMMUNITY DEVELOPMENT COMMISSION MEETING
Tuesday, August 23, 2016, City Council Chambers
400 South Vine Street, Urbana, IL 61801

Call to Order: Commissioner Silvis called the regular meeting to order at 7:05pm.

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

Commission Members Present: Anne Heinze Silvis, Janice Bengtson , Chris Diana, Lauren Karplus and Jerry Moreland

Commission Members Excused/Absent: Fred Cobb, Brian Cunningham

Others Present: Kelly H. Mierkowski, Matt Rejc, Don Ho, Community Development Services and Juli Kartel, Rosecrance Inc

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

Petitions and Communications: Commissioner Silvis asked if there was any written communication to the Commission, there were none.

Audience Participation: Commissioner Silvis 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:

EMERGENCY SOLUTIONS GRANT (ESG) PROGRAM

- **A RESOLUTION APPROVING AN EMERGENCY SOLUTIONS GRANT PROGRAM SUBRECEIPIENT AGREEMENT WITH CRISIS NURSERY (FY 2016-2017)**

- **A RESOLUTION APPROVING AN EMERGENCY SOLUTIONS GRANT PROGRAM SUBRECEIPIENT AGREEMENT WITH ROSECRANCE CHAMPAIGN-URBANA (fka COMMUNITY ELEMENTS), (FY 2016-2017)**

Ms. Mierkowski stated that the Illinois Department of Human Services (DHS), which oversees the Emergency Solutions Grant, receives money from the Department of Housing and Urbana Development

(HUD). The Grants Management Division (GMD) applied and has been administering on behalf of a couple agencies. In the past, agencies could work directly with DHS. However, because there were so many applicants and grants, HUD decided to make a threshold of $25,000. Now any agency that has more than $25,000 could work directly with DHS and get their funding. If an agency has less than $25,000, it will need a different entity to administer. The City has administered the grant for about 3 years and has had different agencies under the program. For FY16-17, GMD has two agencies, which are Crisis Nursery and Rosecrance (formerly known as Community Elements).

Ms. Mierkowski further explained the memo, talking about the eligible activities and the objectives of ESG. The agencies mostly receive funding for operational costs. Crisis Nursery also provides essential services, so they can use that as match for the grant. Each agency is required to have a match for the portion of funding that they receive and then receive funds for the actual administering of the program. In this past May, GMD submitted an application of Champaign County Continuum of Care to administer on behalf of Crisis Nursery and Rosecrance. It was a quick turnaround and the application was approved. As result, the City is now required to do subrecipient agreements with the two agencies. There is no fiscal impact on the City general fund. GMD staffs recommend the approval of the resolutions with recommendation to Council.

Commissioner Karplus asked Ms. Kartel to speak on behalf of Rosecrance and to explain the operations of the Times Center. Ms. Kartel explained that the program is very vulnerable to funding at the current moment. There has been some reduction in all the services since 2015. Because of funding cut, the Level 1 of Times Center is almost gone. Rosecrance is now trying to hold on to the Level 2 with local and state funding. The program is very vulnerable to funding at the current moment. If one of those funding is gone, they would have to shut down the program.

Commissioner Silvis entertained a motion to either forward the Resolutions to Council with a recommendation for approval, forward the resolutions to Council with a recommendation for approval with changes, or to not forward for approval. Commissioner Karplus motioned for approval of the Resolutions. Commissioner Moreland seconded the motion; the motion carried.

SUPPORTIVE HOUSING PROGRAM (SHP)

- **A RESOLUTION APPROVING A SUPPORTIVE HOUSING PROGRAM SUBRECIPIENT AGREEMENT WITH COURAGE CONNECTION (FY2016-2017)**

SHP is the homeless family in transition program, which the City has administered for the past 20 years. In the past, the City had three different agencies that were involved: Salvation Army, Courage Connection, and A Woman's Fund**.** A Woman's Fund and Implement Transition merged and Salvation Army moved into another direction. The only agency left is Courage Connection. After the City signed an agreement with HUD to administer the program, the City is required to do the subreceipient agreements with those are doing the actual work and dollars. GMD applied for funding last November and the application was approved in May.

The funding for the program was drastically cut by 53%. The reason why the funding was cut is that HUD's priorities have changed. They are no longer looking for transitional housing, but instead more of permanent supportive housing, which is made up of rapid rehousing. They believe that it is faster to move someone to permanent housing than transitional housing, which often have additional barriers.

HUD believes that those with a history of homelessness and particularly chronic and disabilities, they are served better with permanent supportive housing. The City executed a grant agreement with HUD to govern the expenditures. Because of the significant cuts, GMD is in talks with Courage Connection regarding the possibility of transferring the administration of this grant to them. Because of the different programs that Courage Connection has with HUD, they would have the capacity to administer the program.

There is an impact on the grant fund itself, but no fiscal impact on the City general fund. GMD staffs recommend the approval of the resolutions with recommendation to Council. Commissioner Silvis entertained a motion to either forward the Resolutions to Council with a recommendation for approval, forward the resolutions to Council with a recommendation for approval with changes, or to not forward for approval. Commissioner Diana motioned for approval of the Resolutions. Commissioner Bengston seconded the motion; the motion carried.

HIGHLAND GREEN

- **A RESOLUTION APPROVING A SUBORDINATION AGREEMENT BETWEEN AND AMONG JPMORGAN CHASE BANK, N.A., THE CITY OF URBANA, AND HIGHLAND GREEN, LLC.**

- **A RESOLUTION APPROVING A SUBORDINATION AGREEMENET BWTWEEN AND AMONG IFF, THE CITY OF URBANA, AND HIGHLAND GREEN, LLC.**

- **A RESOLUTION APPROVING A CONSENT TO LICENSING AGREEMENT BETWEEN THE CITY OF URBANA AND CRYSTAL VIEW TOWNHOMES, L.P.**

Mr. Rejc explained that the three Resolutions together regarding Highland Green referred to three legal documents. The draft versions were provided to GMD by the legal counsel of the development team for review, recommendation by the CDC and approval by Council. The first two Resolutions refereed to Subordination agreements and those agreements would subordinate the City's $500,000 made up of Community Development Block Grant (CDBG) and HOME Investment Partnerships Program (HOME) funding. The City would subordinate the funding to two superior funding sources. The first source is JPMorgan Chase Bank and they are providing $4.9 million construction loan to the project. The other is IFF, which is a development financial institution based out of Chicago and they are providing $925,000 of permanent financing for the project. As a requirement to make this deal go forward, the City needs to subordinate its funding to those superior lenders. In the process, the City would sacrifice some of its rights to the development. In the unlikely event of a foreclosure or other forfeiture of property, the superior vendors would be more in line to receive the resources and the property before the City. It is a requirement for the project a risk that GMD believe is acceptable.

The third document is consent to licensing agreement between the City and Crystal View Townhomes Limited Partnership which. Crystal View Townhomes Limited Partnership was the development entity for the Crystal View Townhomes Development. The City would consent to a formal agreement between Highland Green and Crystal View Townhomes allowing the staff at Highland Green to use the resources and management office at Crystal View Townhomes, and to intern shared resources in order to reduce the costs at Highland Green. The two properties would be developed by the same partnership, Brinshore Development, Housing Authority of Champaign County and Homestead Corporation of Champaign

Urbana. The people are the same, but the names of the development entities are different. Because the City provided funds to Crystal View townhomes as a lender, also the same way the City provided fund to Highland Green, the City is required to provide a consent agreement to Highland Green using Crystal View Townhomes resources and management offices.

Commissioner Karplus asked staff to present to the worst-case scenarios. What would happen to the property? How much money would the City lose? Mr. Rejc explained that in the event of foreclosure, the development entity would pay out in order of the liens. According to these subordination agreements, the City would be the third in line and the money would unlikely to reach the City. In worst-case scenarios, the City would lose the property and all the federal funds, which was provided to the development. Ms. Mierkowski added that Brinshore has a long history of doing development all over the U.S. Because of that, GMD is very confident in Brinshore because they have built Crystal View Townhomes successfully in the past. Moreover, The Housing Authority is a very high-performing Housing Authority with excellent reputation nationwide.

Commissioner Diana asked if there is any financial impact to the City in worst-case scenarios. Ms. Mierkowski explained that the City would have to pay back all the HOME money to HUD. Commissioner Silvis entertained a motion to either forward the Resolutions to Council with a recommendation for approval, forward the resolutions to Council with a recommendation for approval with changes, or to not forward for approval. Commissioner Moreland motioned for approval of the Resolutions. Commissioner Bengston seconded the motion; the motion carried.

Study Session: No items for this agenda.

Adjournment: Seeing no further business, Commissioner Silvis adjourned the meeting at 7:40 p.m.

Recorded by

Don Ho
Grants Compliance Specialist, Grants Management Division

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