



APPROVED by CD Commission 3/26/13
MINUTES
COMMUNITY DEVELOPMENT COMMISSION MEETING
Tuesday, February 26, 2013, City Council Chambers
400 South Vine Street, Urbana, IL 61801

Call to Order: Chairperson Cobb called the meeting to order at 7:02 p.m.

Roll Call: Jennifer Gonzalez called the roll. A quorum was present.

Commission Members Present: Fred Cobb, Janice Bengtson, Chris Diana, Jerry Moreland, Brad Roof, Anne Heinze Silvis, George Francis

Commission Members Absent: Gregory Hayes

Others Present: Elizabeth Tyler, Kelly H. Mierkowski, Jennifer Gonzalez, and Jenell Hardy, Community Development Services; Rev. Eugene Barnes, Metanoia; Jennifer Speaker, Max Mahalek, Matthew Rejc, Kiera House, UIUC; Sheila Dodd, Habitat for Humanity; Aaron Smith, Homestead Corporation of Champaign Urbana.

Approval of Minutes: *Chairperson Cobb asked for approval or corrections to the January 22, 2013 minutes. Commissioner Silvis moved to approve the minutes, and Commissioner Roof seconded the motion. The motion carried unanimously.*

Petitions and Communications: Reverend Dr. Eugene Barnes of the New Life Church of Faith in Lincoln Square Mall addressed his concerns regarding non-compliance with the Faith Based Initiative. The Initiative was designed to end discrimination between the federal government and faith based organizations. To be in compliance, governmental entities must acknowledge on its website the faith based organizations currently partnering in Federally-funded projects, in accordance with Executive Order 13279. Reverend Barnes also reference Public Law 104-193 in connection with the Faith Based Initiative and requested that the City of Urbana make an effort to comply with this Executive Order, as amended.

Staff Report: Elizabeth Tyler, Community Development Director, addressed an item from the January 22, 2013 meeting of the CDC that raised concern amongst the commissioners. Ms. Tyler provided additional information regarding the budget amendments. She explained each of the three funding sources involved in the amendments: CDBG, CIP and TIF-District 3. Ms. Tyler also explained in detail the importance of the programs and the annual timeliness test that is performed by HUD in May, both of which require the CDBG funds to be invested in several projects.

Commissioner Francis asked why the TIF 3 funds are being used to augment the proposed projects when the funds were not previously mentioned to the CDC in the past.

Commissioner Bengtson asked if there were street lights currently in the Lanore/Adams neighborhood. Ms. Tyler responded that there were no lights in the area, and that the path will

have some innovative lighting that will be presented later. She went on to describe the proposed use of the amended funds, one of which is the demolition of Urbana Townhomes. Ms. Tyler described the current condition of the units and the public request to demolish the units in an effort to improve the health and safety of the neighborhood.

Commissioner Francis inquired about the cost of demolition and the reasoning behind utilizing the CDBG funds instead of another funding pool for the one-time expense. Ms. Tyler explained that there are limited funds available for the project and that CDBG is necessary to allow the demolition to move forward.

Commissioner Francis asked what would be the impact of the programs under the CDC. Ms. Tyler went over a budget spreadsheet detailing the amendment and how each funding pool would be used. Commissioner Francis expressed frustration over the funding decisions and the CDC's inability to provide input on the amendment as presented. Ms. Tyler continued to discuss the purpose of the funds and the time constraints involved in expending such funds in a timely manner.

Commissioner Roof asked when the City acquired Urbana Townhomes and if it was known at that time what would be done with the property. Ms. Tyler responded that it was acquired sometime in December, and the property was creating distress in the neighborhood. Commissioner Roof expressed concern over the liability of taking on a distressed property, and Ms. Tyler indicated that the liability was already present due to a noncompliant property owner.

Commissioner Francis and Commissioner Roof raised concerns over the procedural measures in place governing the Council's review of CDC recommendations. Commissioner Roof requested that the Commission's recommendations be highlighted and brought to the attention of Council in a manner.

Commissioner Diana voiced concern regarding the manner in which the budget amendments were presented and the rate at which the project moved forward, which he felt was outside of the normal procedure in which projects are normally presented to the CDC.

Commissioner Bengston provided insight regarding the public comments provided during the Petitions and Communications portion of the January 22, 2013 meeting of the CDC. A delegation from the Ellis Neighborhood attended the meeting and requested City assistance for sewer repairs in the neighborhood. Ms. Bengston indicated that the presence of the neighborhood at the meeting and the ensuing discussion influenced her vote regarding the proposed budget amendment. Commissioners Diana and Roof indicated that this had not influenced their vote.

Commissioner Cobb asked if the City could reimburse the CDBG funds. Ms. Tyler explained that the budget does not operate in such a way.

Commissioner Roof stressed the need for an additional mechanism to communicate the sentiment of the Commission to the City Council when it conflicts with staff recommendations. Ms. Tyler assured Commissioner Roof that staff would be looking into how to highlight such situations in the memos moving forward.

Commissioner Silvis commented on three issues involving the Commission: procedural efficacy, acknowledgement of the Commission's recommendations, and appropriateness of the funding allocations. Ms. Silvis stressed the importance of the partnership of the CDC with both the staff and City Council. She expressed appreciation for the improvements being made to the King Park area and the Lanore/Adams area and highlighted the progress the City has made so far.

Ms. Tyler presented a diagram of the Lanore/Adams path. The path would connect the AMVETS II and LNAC Neighborhoods. The area is an old railroad right-of way that is currently not in use, and there have been security issues. The planned pathway is currently designed at 8 feet wide and compliant with the Americans with Disabilities Act (ADA).

Commissioner Francis asked why the engineers did not opt for a street instead of a pathway. Ms. Tyler replied that the engineers indicated that a road was not necessary for connectivity and traffic management in the area. The neighborhood was originally built without the street. Ms. Tyler went on to present examples of lighting and landscaping planned as part of the project. She explained that the project will start the first week in March and be completed by May 1st.

This project is funded by CDBG and has been approved by the neighborhood. Because the project is proceeding, the City will not have to send funds back to HUD. Mr. Roof asked for information regarding the timeliness calculation used by HUD in regard to expenditure of funds. Ms. Mierkowski explained that as a grant allocation gets smaller, entities are required to spend funds more quickly due to the manner in which the calculation is applied.

Commissioner Francis inquired about the funds that would be returned if the amendment were not passed. Commissioner Diana questioned the renaming of the project since there were already funds set aside for sidewalks. Ms. Mierkowski explained that the project description of "sidewalks" limited the expenditure of CDBG funds and would not allow for landscaping and lighting. Renaming the project was necessary to allow for a broader project scope. Commissioner Diana indicated that the urgency of the project was attributable to engineering of the project rather than the timeliness of funding expenditures.

Ms. Tyler explained that the Public Works Department has a lot of projects that are going on at any given time, and the City is working hard to get everything completed in a timely manner for all of their projects. Commissioner Cobb thanked Ms. Tyler for her presentation.

Ms. Mierkowski reviewed the staff briefing memorandum dated February 26, 2013. The City is still awaiting a response from HUD regarding the City's Consolidated Annual Performance and Evaluation Report (CAPER) closeout letter. The CDC is invited to a ribbon cutting ceremony for the Hunter/Lanore and Hunter/Austin Street lights on April 19, 2013 at 12:15pm. Ms. Mierkowski reported that the Council has revised their consolidated Social Service Funding Process. Staff presented key areas for funding based on historical allocations, and Council approved a scoring sheet and created some guiding principles as part of the application process. Council will vote on Monday on the final application, and Ms. Mierkowski indicated that she would bring the final information to CDC once it has been approved.

Commissioner Francis questioned the need to bring the materials to CDC if they have already been approved by Council, and Ms. Mierkowski explained that CDC still needs to select priorities for the CDBG portion of the funding pool as part of the process.

Commissioner Diana left the meeting at 8:40pm.

Old Business: Commissioner Cobb inquired about the Issue that was raised a last month's meeting during Petitions and Communications in regard to the sewer issue in the Ellis Neighborhood. Ms. Mierkowski replied that the residents had been contacted and have received information in regard to the City's Emergency Grants, which may help with the cost of sewer repair. Council is discussing the issue as well.

Commissioner Roof asked for an update on the solution that is currently being discussed for the sewer issue, stating that the solutions so far have been on a case by case basis. He asked if there is an infrastructure solution that would have broader impact. Ms. Tyler noted that the sewer system cannot be replaced, and the issue rests with the connection to the sewers, not the main lines themselves. She noted that there are no income restrictions for certain grants provided through Public Works related to sewer repair.

New Business: **An Ordinance Approving Modifications to the City of Urbana and Urbana HOME Consortium FY 2011-2012 and FY 2012-2013 Annual Action Plans (Winter 2012 HOME CHDO Amendment)** – Ms. Gonzalez reviewed the amendment, which outlines changes to CHDO funding allocations. Neighborhood Alliance for Habitat has lined up a set of homebuyer participants for the next build year and is ready to begin construction. She also noted that the Urbana HOME Consortium switched a rolling application period for Community Housing Development Organization project funds so that a CHDO can apply at any time during the build year.

There is currently \$159,279.89 available in CHDO project funding, and Neighborhood Alliance requested \$200,000. The Urbana HOME Consortium met in a regular HOME Technical Committee meeting to discuss the project funding application and agreed to fund Neighborhood Alliance for the full amount currently available. Based on past performance of Neighborhood Alliance, the Committee felt that the organization could build four homes within the required timeline imposed by HUD.

She also talked about awarding CHDO operating funds on a per unit basis to incentivize construction of unit in order to impact more families in the area. The Committee agreed that \$7,000 per unit would be reasonable. Neighborhood Alliance will be building 4 units, and as such, the Committee recommended an operating fund award of \$28,000. Commission Cobb asked if the CHDOs were agreeable to the prorated funding plan. Ms. Gonzalez said that Neighborhood Alliance was very happy with the award.

An Ordinance Approving Modifications to the City of Urbana and Urbana HOME Consortium FY 2008-2009, FY 2010-2011, FY 2011-2012 & FY 2012-2013 Annual Action Plans (TBRA Programs, CHDO Demolition Funds, & 1107 N Gregory CHDO)

Ms. Gonzalez explained the first part of the second amendment regarding the TBRA re-allocation of funds through the following agencies: The City of Champaign, Champaign County, Community Elements and the Center for Women in Transition. The Consortium is seeing a shortfall of expenditures and decided to address the current unmet need of housing for those at or below 30 percent of the Median Family Income through additional Tenant Based Rental Assistance contracts.

An \$80,000 award is proposed for the Center for Women in Transition, a \$55,000 award is recommended for Community Elements, Inc., \$100,000 was requested by Champaign County Regional Planning Commission, and the City of Champaign has set aside \$148,805.80 to potentially be slated for an Emergency Family Shelter as a transitional step for those graduating out of the Emergency program.

She noted that the contracts were not yet in place in order to allow each entity to review drafts and to decide the best way to split up the monitoring of each contract. For example, the City of Champaign traditionally has allocated funds to the Center for Women in Transition, and the \$80,000 proposed funding allocation would likely be contracted by the City of Champaign, rather than directly by the City of Urbana as lead entity.

She also noted that all of the TBRA program funds would be available to anyone within the County area, with the exception of the Center for Women in Transition which assists only residents of the City of Champaign. She pointed out that the County is currently considering opening up its service area to include incorporated areas of the County, such as Rantoul or Mahomet since they have clients the work in those communities and would like to rent there if possible. This would require an amendment to the County's current program manual.

Ms. Gonzalez explained the second part of the second amendment which reallocated funds from previously awarded homebuyer projects at 1107 N Gregory, Urbana and 1304 Williamsburg, Champaign. Homestead was unable to find buyers for either property and has requested to take some of the funds originally slated for the 1304 Williamsburg house and to put them into the 1107 N Gregory unit, converting it to a CHDO Sponsor rental project similar to the 510 E Beardsley project being constructed for the Center for Women in Transition.

She noted that the unit would have to be converted to a rental unit due to restrictions imposed by the Department of Housing and Urban Development. Converting the unit to a CHDO Sponsor unit allows for an exit strategy for Homestead Corporation since the unit was not originally financed as a rental activity. There was approximately \$205,000 available between both units, and the amendment will fully subsidize the 1107 N Gregory unit, which is partially constructed, at the full construction cost of \$153,100. The project at 1304 Williamsburg will be cancelled and then those funds will be applied to 1107 N Gregory. Community Elements will be the nonprofit to operate the unit at the time of closing and for the full 20-year affordability period.

The third part of the second amendment allows for a \$14,000 demolition fund to be set up for Neighborhood Alliance to allow them to demolish dilapidated structures on lots that are donated by the City in order to clear them for affordable housing construction. One of the lots requested by Neighborhood Alliance has a parking lot that needs to be removed for \$2,000, and the

remaining \$12,000 represents the average cost of a single-family demolition in the Community Development Target Area that will be used when Neighborhood Alliance requests another lot in the next year.

Aaron Smith, Executive Director of Homestead Corporation, stated that the only way to get the unit completed at 1107 N Gregory would be to convert it to a rental unit. Commissioner Cobb asked if there were clients to move into the unit. Mr. Smith responded that Community Elements already has clients lined up to rent the affordable unit.

Commissioner Francis moved that the CD Commission forward both Ordinances with a recommendation for approval to the Urbana City Council. The motion was seconded by Commissioner Moreland. The motion carried unanimously.

A Resolution Certifying a Community Housing Development Organization for the Urbana HOME Consortium for FY 2012-2013 (Neighborhood Alliance)

A Resolution Approving and Authorizing the Execution of an Urbana HOME Consortium Community Housing Development Agreement (Champaign County Neighborhood Alliance for Habitat Affordable Homeownership Program FY 2012-2013)

A Resolution Approving and Authorizing the Execution of an Urbana HOME Consortium Community Housing Development Agreement (Champaign County Neighborhood Alliance for Habitat CHDO Operating March 2013)

Ms. Gonzalez noted that HUD has changed the regulations in regard to certifying Community Housing Development Organizations, and the Consortium is now required to certify a CHDO each time a new funding award is made. Commissioner Roof asked if this is a new rule, and Ms. Gonzalez explained that the Consortium historically has recertified CHDOs on an annual basis. HUD now requires that every time a new contract is executed, a CHDO must be certified again. Commissioner Roof asked if the process had been streamlined, and Ms. Gonzalez stated that the process is still the same.

Commissioner Heinz-Silvis moved to forward the three Resolutions with a recommendation for approval to the Urbana City Council. The motion carried unanimously.

An Ordinance Authorizing the Sale of Certain Real Estate (1409 Beech Street)

An Ordinance Authorizing the Sale of Certain Real Estate (1411 Beech Street)

Ms. Gonzalez stated that the two lots had been acquired by the City of Urbana, and Neighborhood Alliance had requested the lots on behalf of two homebuyers who would like to build there as part of the Affordable Homeownership Program.

Commissioner Moreland moved that the Community Development Commission forward the two Resolutions with a recommendation for approval to the Urbana City Council. Commissioner Heinz-Silvis seconded the motion.

Roof asked about the commitment regarding the contract obligation of breaking ground within 12 months and the mechanism of a Quit Claim Deed. Ms. Gonzalez stated that the Quit Claim Deed is rarely used, but when a CHDO does not break ground in twelve months the City must cancel the project because of HUD regulations. The Quit Claim Deed allows the City to take back ownership of the property easily so that it can be transferred to another CHDO that is ready to build.

The Commission moved to a vote, and the motion carried unanimously.

Draft City of Urbana and Urbana HOME Consortium (Champaign/Urbana/Champaign County) Annual Action Plan – FY 2013-2014

Ms. Mierkowski explained the sequestration, which is part of the Budget Control Act of 2011 and was scheduled to take effect on March 3, 2013 will reduce our HOME and CDBG allocations by 8.2%. In light of the estimates provided by HUD, and in keeping with the estimates used by surrounding entities, the Annual Action Plan budgets for an 8.2% cut.

In accordance with the Consolidated Plan, several Neighborhood Hearings were held in January to the public and for Social Service Agencies.

Ms. Hardy explained the summary sheet outlining the planned expenditure of CDBG funds. Public facilities are not slated for funding in 2013-2014. Consolidated social service funding is estimated at \$5,000 from CDBG funding. This is reduction from the previous year.

Commissioner Roof asked if the programs in this year's plan are the same as last year. Ms. Hardy indicated that the programs are the same, and the funding is slightly lower due to the projected budget cuts. She noted that not all programs were cut equally in an effort to maintain current levels of service to the community, such as with the Access Grants and Senior Repair Grant Programs.

Commissioner Bengtson left the meeting at 9:37pm.

Commissioner asked how the 8.2% was calculated. Ms. Mierkowski indicated that the information used to project the budget cuts was provided by the National Community Development Association. She also called staff at the Village of Rantoul and the City of Champaign to verify that the budget estimates were in line with the national projections.

There was discussion about the carryover funds listed in the Annual Action Plan. Ms. Hardy explained that each project receives a funding year designation based on the Annual Action Plan in which it first appears. Commissioner Roof asked about how carryover is available in total. Ms. Mierkowski pointed out where the unobligated funds are listed under infrastructure for Kerr

Avenue in the Annual Action Plan. Ms. Gonzalez noted that the Kerr Avenue project is on hold due to lack of Tax Credit financing. The remaining funds are allocated to property acquisition.

Commissioners Heinz-Silvis and Roof asked for an inventory of the lots currently held that have been acquired. Commissioner Rood asked for a history of the level of inventory and a goal for the lot inventory moving forward at the next CD Commission meeting. Commissioner Heinz-Silvis noted that the demolition of Urbana Townhomes will also provide additional land to develop for affordable housing.

Ms. Gonzalez presented her HOME Annual Action Plan items on page 40. Ten percent is allocated to administration, 15 percent is set aside for Community Housing Development Organizations for project funding, 5 percent is allocated to operating funds for CHDOs, and the remainder is split amongst the Consortium Members.

She mentioned that the City is looking to start a down payment plan utilizing Federal Home Loan Bank (FHLB) funding, in partnership with Busey Bank. Carryover funds would be used to start up the program in the hopes of extending the program with FHLB funds in the coming year.

Commissioner Cobb asked if the Annual Action Plan materials would be posted on the City's website. Ms. Mierkowski responded that the Draft is already posted and is available for review and public comment. A public hearing is scheduled for March 26, 2013.

Adjournment: Chairperson Cobb adjourned the meeting at 9:44 p.m.

Recorded by Jen Gonzalez, Grant Coordinator
