



APPROVED by CD Commission 9/25/12
MINUTES
COMMUNITY DEVELOPMENT COMMISSION MEETING
Tuesday, July 24, 2012, City Council Chambers
400 South Vine Street, Urbana, IL 61801

Call to Order: Chairperson Cobb called the meeting to order at 7:04 p.m.

Roll Call: Connie Eldridge called the roll. A quorum was present.

Commission Members Present: Fred Cobb, Chris Diana, George Francis, Brad Roof, Dennis Vidoni

Commission Members Absent: Janice Bengtson, Jerry Moreland, Anne Heinze Silvis

Others Present: Kelly Mierkowski, Jennifer Gonzalez, Jenell Hardy, and Connie Eldridge, Community Development Services; Patti Clore, Ecological Construction Laboratory, LLC (Eco Lab); Lisa Benson, Community Elements.

Approval of Minutes: *Chairperson Cobb asked for approval or corrections to the May 22, 2012 regular meeting minutes. Commissioner Diana moved to approve the minutes, and Commissioner Vidoni seconded the motion. The motion carried unanimously.*

Chairperson Cobb asked for approval or corrections to the June 26, 2012 Study Session minutes. Commissioner Roof moved to approve the minutes, and Commissioner Vidoni seconded the motion. The motion carried unanimously.

Petitions and Communications: None.

Staff Report: Ms. Mierkowski reviewed the staff briefing memorandum dated July 24, 2012. The Department of Housing and Urban Development (HUD) approved the Supportive Housing Program (SHP) Annual Performance Report (APR). The City of Urbana's response to HUD's Community Development Block Grant (CDBG) monitoring is due August 3. HUD's HOME Investment Partnerships (HOME) Program representative will monitor the Urbana HOME Consortium in August. Staff is waiting for approval of the City's Fiscal Year (FY) 2012-2013 Annual Action Plan (AAP) from HUD's Washington, DC office. Also, she distributed information on a Household Hazardous Waste Collection on Saturday, September 29, 2012.

Jennifer Gonzalez reported on the status of Eco Lab's Community Housing Development Organization (CHDO) project at 1302 West Dublin Street, Urbana. The 2007 CHDO agreement with Eco Lab, which authorized construction of this property, was amended at a Special Urbana City Council on Monday, July 23, 2012. This was due to HUD's requirement that the Urbana HOME Consortium close out this project by July 27, 2012. City Council also certified Eco Lab as a CHDO through the end of the Lease Purchase Program. While the Community Development (CD) Commission originally recommended that Eco Lab be certified as a CHDO through July 15, 2012, HUD required a longer CHDO certification. Commissioner Francis questioned why the issue was not brought before the CD Commission. Ms. Gonzalez explained it was a matter of timing.

The project was converted into a Lease Purchase Program, with the participant required to purchase the home after renting for two years. Because the property appraised at \$114,500, it was decided to grant \$39,999 in down payment assistance to the program participant, with a ten year affordability requirement. The homebuyer's mortgage would then be \$74,501.

There was discussion on the amount of down payment assistance and appraisal of the property. In response to Commissioner Diana, Ms. Gonzalez stated that, based on the participant's income level and the Peoria-based METEC Housing Counseling Resource Center, the participant can only afford a \$75,000 mortgage. The property appraised for \$114,500 earlier this year, and there has not been another appraisal. Ms. Gonzalez briefly reviewed the conditions of the lease purchase agreement. Commissioner Roof asked what would happen if the participant does not purchase the home. Ms. Gonzalez replied if the participant does not purchase the home by July 27, 2014, the City has another year to find an eligible low income homebuyer. However, Ms. Gonzalez anticipates this participant will purchase the home long before the deadline.

Commissioner Roof inquired about who was holding the note. Ms. Gonzalez replied that Eco Lab owns the property and will act as landlord until the house is purchased. The City is providing down payment assistance through Eco Lab. She briefly compared this lease purchase agreement to an earlier Lease Purchase Program through Urban League. Commissioner Diana clarified that Eco Lab would still own the house if the participant cannot purchase the home by 2014. Commissioner Francis remarked the participant would have to forfeit capital. Ms. Gonzalez clarified the down payment assistance would then go to the next homebuyer.

There was discussion on whether the sale price was actually reduced. Ms. Gonzalez stated that the sales price was \$114,500, the appraised value. HUD considers any grant funds provided to the homebuyer in the form of a reduced sales price to be down payment assistance, or a direct benefit to the buyer. Staff does not wish to impose greater than a ten-year affordability period for this project. As such, the sales price must remain the appraised value.

Commissioner Diana asked about deed restrictions, and Ms. Gonzalez said the lease purchase agreement would follow all HOME Program rental rules. There is a 10 year affordability period, with a recapture clause if the participant sells before the end of the period. The homebuyer must maintain the home as his/her principal residence.

Commissioner Roof was concerned about the actual cost of this project. He said the City purchased the property and demolished the house with CDBG funds, subsidized Eco Lab's construction costs, and then provided down payment assistance. Ms. Gonzalez clarified that Eco Lab received a development subsidy; however, Eco Lab had a match obligation. Commissioner Roof stated, "We have to do better."

Discussion ensued on the recertification of Eco Lab as a CHDO. Ms. Gonzalez noted HUD's upcoming HOME regulations may affect Eco Lab's recertification.

Commissioner Roof inquired about the impact if the City had not chosen to commit these funds. Ms. Gonzalez responded that the City would have been required to repay \$39,999 to HUD. The City could not use HOME funds for this repayment.

There was discussion on the sales price versus appraised value of a property. Commissioner Diana inquired about the possibility of future appraisals. Ms. Gonzalez explained the program uses the current sales price to determine down payment assistance and requires the participant be certified as low income. Recertification is not required. Discussion ensued on the possibility of future appraisals.

Commissioner Vidoni commented that, for this particular project, the City paid a big price in developing eco-friendly low income housing. It remains to be seen how this project will pay off. Commissioner Vidoni expressed his concern with this issue superseding the CD Commission. He stated if the CD Commission cannot advise and make recommendations to City Council and the Mayor, then the CD Commission has no mission and no reason to exist. Ms. Mierkowski answered that this issue would have been presented to the CD Commission if HUD had allowed more time. Commissioner Vidoni understood the situation.

Commissioner Roof was concerned about certifying Eco Lab for a longer period than originally intended. Ms. Gonzalez made it clear at the Special Council Meeting that Eco Lab's certification was only to move forward for this particular lease purchase project. It does not guarantee any future operating or project funding, nor does the City have any plans to provide future funding. She noted that Eco Lab's new staff member, Patty Clore, has been very helpful moving this project forward. Eco Lab has not applied for any additional funding.

Commissioner Roof remembered that the City of Urbana had granted a lot to Eco Lab with the stipulation that Eco Lab would not build a house until they had a homebuyer. Eco Lab ignored this direction and went ahead with construction. All of this occurred before current staff members were onboard. Discussion ensued on the total amount of funding put into this project.

There was discussion on the sales price and the participant's loan approval history. In response to Commissioner Diana, Ms. Gonzalez explained the amount of down payment assistance is based on the amount of a mortgage that the homebuyer can afford. Commissioner Diana discussed typical lease purchase contracts. They are not usually based on what a homebuyer can afford, and the amount of mortgage is determined at the end date of the lease purchase contract. Determining the mortgage at the front end meant the amount was computed at an unfavorable time for the City. Noting the concern was about affordability, Ms. Gonzalez explained that staff looked to METEC and Housing Action Illinois, a technical assistance provider contracted by HUD, for direction. Housing Action Illinois recommended the project move forward through a lease purchase program. She discussed the affordability period regulations.

Commissioner Roof questioned why the project was converted into a lease purchase program rather than allowing Eco Lab to rent the property. Ms. Gonzalez stated that HUD HOME regulations require new construction that is converted into rental units to be a 20 year affordability period. The Urbana HOME Consortium would then be required to certify Eco Lab as a CHDO project manager for 20 years.

Chairperson Cobb stated that, when possible, it was important for the CD Commission to review these matters before the project is finalized. While the CD Commission would have questioned certain points, the decision appears to be irreversible. In the future, the CD Commission should be approached in a timely manner.

Old Business: None.

New Business: **An Ordinance Approving a City of Urbana Community Development Block Grant Program Agreement (Community Elements, Project No. 1213-AAP-01)** – Jenell Hardy stated this was FY 2012-2013 public facilities agreement with Community Elements. \$15,665 will be allocated for bathroom upgrades, kitchen flooring and exterior painting of the Elm Street Supported Apartment Program. Lisa Benson with Community Elements was available to answer any questions.

Commissioner Roof moved to recommend to City Council approval of an Ordinance Approving a City of Urbana Community Development Block Grant Program Agreement (Community Elements, Project No. 1213-AAP-01). Commissioner Francis seconded the motion, and the motion carried unanimously.

An Ordinance Approving a City of Urbana Community Development Block Grant Program Agreement (Champaign County Regional Planning Commission – Senior Services, Project No. 1213-CSSP-01) – \$3,000.00

An Ordinance Approving a City of Urbana Community Development Block Grant Program Agreement (Community Elements – Roundhouse, Project No. 1213-CSSP-02) – \$4,000.00

An Ordinance Approving a City of Urbana Community Development Block Grant Program Agreement (Greater Community AIDS Project (GCAP), Project No. 1213-CSSP-03) – \$2,000.00. Ms. Hardy suggested the three Consolidated Social Service Program (CSSP) agreements be acted on in omnibus fashion. Regulations allow 15% of CDBG funds to be set aside for public service activities. In FY 2012-2013, \$9,000 in CDBG funds was added to \$100,000 in Cunningham Township funds and \$204,400 in City of Urbana General Funds, for a total of \$313,400. Ms. Mierkowski added that these projects fit the priorities set earlier by the CD Commission: *1) Youth/Seniors, 2) Homelessness, and 3) Special (Needs) Population.*

Commissioner Vidoni moved to recommend to City Council approval of the following agreements:

- *An Ordinance Approving a City of Urbana Community Development Block Grant Program Agreement (Champaign County Regional Planning Commission – Senior Services, Project No. 1213-CSSP-01)*
- *An Ordinance Approving a City of Urbana Community Development Block Grant Program Agreement (Community Elements – Roundhouse, Project No. 1213-CSSP-02)*
- *An Ordinance Approving a City of Urbana Community Development Block Grant Program Agreement (Greater Community AIDS Project (GCAP), Project No. 1213-CSSP-03)*

Commissioner Roof seconded the motion, and the motion carried unanimously.

Commissioner Vidoni announced this would be his last CD Commission meeting, as he would submit his resignation effective July 25, 2012. Commissioner Vidoni remarked it was an honor being a member of the commission, which he felt was in good hands. He noted that Chairperson Cobb has done a great job as chairperson, and he thanked Connie Eldridge, Recording Secretary. Commissioner Vidoni hoped he has done some good to help the community and wished the CD

Commission the best of luck. Chairperson Cobb thanked Commissioner Vidoni for his significant contributions to the CD Commission and wished him success.

Adjournment: Chairperson Cobb adjourned the meeting at 7:50 p.m.

Connie Eldridge, Recording Secretary

C:\word\minutes.cdc.July24,2012.min

APPROVED by CD Commission 9/25/12