



APPROVED
MINUTES
COMMUNITY DEVELOPMENT COMMISSION MEETING
Tuesday, September 26, 2017, 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 Mierkowski called the roll. A quorum was present.

Commission Members Present: Fred Cobb, Robert Freeman, Abdulhakeem Salaam, Chris Diana, Karin Hodgins-Jones, Michael Braun and James Winston.

Commission Members Excused/Absent: Anne Heinze-Silvis

Others Present: Kelly Mierkowski, Matt Rejc and Don Ho, Community Development Services. Julie Kartel, Rosecrance Champaign-Urbana.

Approval of Minutes: Chairperson Cobb asked for approval or corrections to the August 22, 2017 Public Hearing and regular meeting minutes. Commissioner Freeman moved to approve the minutes as written and Commissioner Salaam 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 Mierkowski, Grants Management 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 AND AUTHORIZING AN URBANA HOME
CONSORTIUM SUBRECIPIENT AGREEMENT (ROSECRANCE TBRA FY 2017-2018)**

Mr. Rejc explained that the purpose of the Resolution is to allow for a new subrecipient agreement with Rosecrance Champaign-Urbana. They have been a long-time tenant-based rental assistance (TBRA) partner of the City of Urbana, as the City has had three separate agreements with them since 2010 and has provided roughly \$277,000 in TBRA assistance to their clients. Recently, Rosecrance realized that the current agreement is starting to run out of funding and

Rosecrance made a request for funding from the Urbana Home Consortium for an additional \$30,000. The Grants Management Division (GMD) anticipates that the current agreement, which was signed in 2014, will run out of funding next month, so GMD wants to try to give Rosecrance at least enough funding for roughly another year. The reason for providing approximately one-year of funding is that the City could potentially pass the HOME expenditure deadline if the agreement goes longer than one year. GMD wants to make sure the U.S. Department of Housing and Urban Development (HUD) knows that the City is completing activities quickly. The proposed agreement would allow Rosecrance to maintain their TBRA program and allow the agreement to provide a bridge to their clients who are currently in transitional housing or coming out of shelters. This program would allow them to move back into the private rental market, but still have some subsidies there to ensure that the transition is effective.

Mr. Rejc stated that in terms of fiscal impacts, this agreement would commit \$30,000 in FY 16-17 HOME funds. Currently, the city of Urbana has about \$60,000 in uncommitted FY 16-17 HOME funds available, and that number will increase because of program income coming in from paid back mortgages and other sources. GMD also anticipates receiving the FY 17-18 allocation from HUD as well. Committing these funds will help to meet the City's commitment deadline which is currently set as July 31, 2018. The commitment deadline is currently suspended by HUD, but GMD wants to make sure that it is meeting these commitment deadlines should HUD decide to enforce the commitment deadline again. With regards to programmatic impacts, Mr. Rejc stated that Rosecrance's TBRA program is a fantastic program that would help to provide rental assistance and help to alleviate the housing costs burden that many low-income renters experience in the community. It is also in line with the 2015-2019 Consolidated Plan. Staff recommends that the Community Development Commission forward the Resolution to the Urbana City Council with a recommendation for approval.

Commissioner Freeman asked if this request is also being made for the City of Champaign and the Champaign County. Mr. Rejc explained that this request is coming to the Urbana Home Consortium. The City of Champaign and Champaign County are both members of the Urbana Home Consortium but the City of Urbana is the lead entity for the organization and can decide whether subrecipient agreements are approved and for what amount.

Commissioner Hodgin-Jones asked if GMD anticipates a large need for additional whole house rehabilitation projects that the GMD might not be able to meet. Mr. Rejc stated that GMD has not received many requests for whole house rehabilitation lately. The GMD would be able to redirect funds if need be and wouldn't be neglecting any needs in the community with regard to rehabilitation activities. Ms. Mierkowski added that the number of applications for whole house rehabilitation projects has gone down recently.

Chairperson Cobb asked whether gradual usage or a specific incident brought about the need for a new agreement. Mr. Rejc explained that the previous agreement was signed in 2014-2015, but it operated until now and funds have been drawn out of that agreement as the expenditures kept coming in. The City and Rosecrance are just reaching the end of that agreement, so that's why a new agreement is needed. Mr. Rejc explained that it was just gradual usage that brought about this request. Initially, GMD thought that Rosecrance had more money left in the agreement. However, after some accounting reconciliation, both sides realized that there is enough money

left just for one month in the agreement. Chairperson Cobb asked if Ms. Kartel has the number of residents that have been served under the program. Ms. Kartel said that she did not have the number with her, but it's something that she could get for the CDC.

Commissioner Diana stated that based on the information he has, the City has provided Rosecrance around \$280,000 since 2010, which is roughly around \$40,000 a year. Commissioner Diana asked if the program is an expanded need or a steady need. If it is a steady need, does Rosecrance foresee an expanded need between now and when the contract expires in two and a half years? Ms. Kartel explained that the program has been a steady need. They are currently serving eight clients. Six of them are in the first year of their tentative two years and two of them are in their two-year lease. Rosecrance tries to keep the leases and the agreement to two years, so they can continue to bring new people in as the funds allow. Future expanded need is always an estimate because TBRA payments depend on the income of the individuals served. Those who have more income require less rental assistance and vice versa. Ms. Kartel stated that Rosecrance is currently averaging probably about \$2,500 a month for eight individuals.

Commissioner Diana asked about the extended plan for the City. Mr. Rejc explained that the City is certainly open to fielding requests from Rosecrance as the contracts run out. After the agreement expires, the City and Rosecrance can meet and reevaluate. If Rosecrance would like to make a case for a larger amount and more funding to serve more clients, then the GMD would be open to listening. The proposed document is a separate agreement from the previous one that is running out of funding, and GMD anticipates creating new subrecipient agreements as requested by Rosecrance. GMD has estimated that \$30,000 would be approximately one year of funding based on Rosecrance's expenditure patterns, but the City has three years to expend the funds per HUD. For example, if Rosecrance needs to suspend the TBRA program for a year and pick it up again, the City has that flexibility built in to the agreement. HOME funds have a four-year project completion deadline, so GMD wants to give the City the flexibility to make sure that HUD doesn't pull the funds back.

Commissioner Winston asked what happens when someone comes to Rosecrance for assistance. Ms. Kartel explained that Rosecrance will provide the case management services and to help people so that they can move into independent financial living. Any applicant can receive referrals from teachers or medical professionals. People can also just walk in and request some assistance. People can start using Rosecrance's services as young as five for mental health services and then all the way through the lifespan.

Commissioner Freeman asked how much administrative overhead is generated by the program. Ms. Kartel said that she could not answer that question, but she could ask the executive director and get that information for the Commission.

Chairperson Cobb entertained a motion to either forward the Resolution to Council with a recommendation for approval, forward the Resolution to Council with a recommendation for approval with suggested changes, or not forward the Resolution for approval. Commissioner Salaam motioned for the approval to forward the Resolution to Council. Commissioner Braun seconded the motion; the motion carried unanimously.

**A RESOLUTION AMENDING HOUSING REHABILITATION PROGRAM
OPERATIONAL GUIDELINES AS ORIGINALLY AUTHORIZED BY RESOLUTION
NO. 2015-05-023R (CITY OF URBANA HOUSING PROGRAM MANUAL PY 2015-2019)**

Mr. Rejc explained that the purpose of the Housing Program Manual is to govern the City's use of the Community Development Block Grant (CDBG) funds, and that HUD gives very wide flexibility in how the City could use those funds. The City can use the funds for many kinds of public services or rehabilitation programs, but HUD encouraged us to create a manual that helps the City to specify the income groups that live in targeted communities. The activities covered in the Manual include the Emergency Grant, Access Grant, Senior Repair Grant, as well as Property Acquisition/Demolition/Disposition. The proposed amendment would be create another program based on information from HUD passed along to the City during a monitoring visit. They noted that when the City uses CDBG funds to tear down abandoned and blighted structures, the City considers those funds as benefiting affordable housing because in almost every case the City donates any acquired land to Habitat for Humanity, which eventually develops the property with affordable housing. In this manner, the City is able to mark the project as completed as soon as the property is sold to an income-eligible buyer. This process can take as long as two years and the length of time between demolition and transfer of the lot to an income-eligible buyer is troubling to HUD.

Mr. Rejc continued, saying that because of the length of time, HUD wanted the City to consider demolition projects as slum and blight reduction after the City takes down a property. At some points later on, the City can transfer properties to Habitat, and if they construct affordable housing on it, then the City can go back and change the applicable national objective to affordable housing. However, for the moment, HUD wanted the City to specify demolition activities as meeting the slum and blight reduction national objective. Mr. Rejc stated that the City does not have any designated slum or blight areas, so it would be a City-wide program. Any activity must be limited to either clearance alone, such as through a court-ordered demolition, or acquisition by the City and clearance thereafter. In the Manual, Paragraph 11.8.1 talks about the acquisition process, and Paragraph 11.8.2 talks about clearance. Mr. Rejc pointed to 11.8.2 under Sections 3 and 4, and stated that the GMD received guidance from the City's Legal Division that GMD could encounter problems if agreements are made with property owners for demolition, based on case law and other criteria. GMD staff is recommends under Section 3 of Paragraph 11.8.2 striking "from the owner of the property" and ending the sentence at "once the legal authority to proceed has been obtained."

Staff recommends that the Community Development Commission forward the Resolution to the Urbana City Council with a recommendation for approval with suggested changes. In terms of fiscal impacts, this is a program modification, so there is no fiscal impact to this decision. By broadening the programs, it could help the City to expend CDBG money more quickly, which HUD tests the City of Urbana on annually because they want to make sure that we are meeting our timeliness tests. Programmatically, the proposal would remove a barrier allowing the City to eliminate vacant employment structures in the community, but still stay within the HUD's guidance at the same time.

Commissioner Braun asked about selling to a community or a neighborhood. He wondered if the GMD has given any thought to that small change in messaging and how that might affect the City's work in the future. Mr. Rejc responded that the City is focused on redeveloping for affordable housing and that's we included in the amendment that a lien placed on the property would be we would consider forgiving it if it's if the property is donated to a housing developer or another nonprofit. The City wants to avoid association with the terms slum or blight whenever possible. However, sometimes properties do become dilapidated on a spot basis and the GMD must have the tools to address those situations. Ms. Mierkowski reiterated that the text stems directly from the regulations as well.

Commissioner Diana agreed with staff's suggested change to Paragraph 11.8.2, and asked about the financial impact in that with regard to budgeting for the removal of blighted properties Ms. Mierkowski noted that with the GMD's Blight Reduction Program the GMD worked with the Building Safety Division to identify blighted properties. Mr. Rejc noted that the paragraph right above 11.8.1 specifies that were the City is required to expend 70% of our funding on low/mod benefit activities and slum and blight reduction is not a low/mod benefit activity. Commissioner Diana mentioned that the City should avoid becoming too heavily invested in vacant properties.

Commissioner Hodgins-Jones asked about how funds might be reabsorbed following forgiveness of a lien, since that could create an unaccounted for outlay of funds. Mr. Rejc stated that if a property is developed with affordable housing, then it meets a national objective of CDBG and does not require repayment because it is accomplishing the tasks for which it is meant to accomplish. Ms. Mierkowski noted that Habitat homes appraise fairly and in turn increase property taxes coming back into the City. Commissioner Hodgins-Jones asked if a benefit exists to conducting clearance activities without acquisition. Mr. Rejc stated that CDBG funds are generally not required to be repaid to the City, even though HUD allows the City to put those restrictions in place.

Commissioner Freeman noted that offering CDBG activities as a grant instead of expecting repayment is looked upon positively by HUD. He then mentioned that stimulating the development of additional CHDOs operating in the community could allow this process to function even more smoothly. Mr. Rejc specified that the whole house rehabilitation program is provided as half grant/half loan, allowing the City to receive \$12,500 back following transfer of the property, but that is the only program that requires repayment. Ms. Mierkowski stated that program income resulting from repayments can be used for other CDBG-eligible activities.

Commissioner Diana stated that he understood this change as effectively changing the performance outcomes to stay in greater compliance with HUD.

Chairperson Cobb asked how much prior notice would be given to a property owner whose property could be demolished through this program. Mr. Rejc specified that the City gives a 30-day notice and then action is taken at the end of that notice to bring the case to court. The court would also alert the property owner through summons and other methods. Mr. Rejc stated that with regard to code violations, the GMD works very closely with Building Safety Division on identifying properties, and that code violations can contribute to a property being considered not approved for occupancy or condemned. Such properties are essentially what the GMD defines as

“blight” due to the threat it poses to its neighborhood. Mr. Rejc stated that it's possible that code compliance issues could build into a condemnation or disapproved for occupancy. Mr. Cobb cautioned that code violations could trigger demolition in other communities because code violations cover a broad range. Ms. Mierkowski mentioned that the Building Safety Division could offer more information upon request. Mr. Rejc stated that the term “blight” is kept deliberately vague by HUD to provide grantees with flexibility. Mr. Rejc also stated that displacement for the purposes of demolition would trigger the Uniform Relocation Act (URA), which is not advisable in any situation. Ms. Mierkowski reiterated that HUD suggests avoiding the URA if at all possible. Commissioner Diana stated that in theory a certain combination of code problems that are uncorrected over a period of time results in blight, but that period of time is undefined.

Chairperson Cobb entertained a motion to either forward the Resolution 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 Hodgins-Jones motioned for the approval to forward the Resolution to Council with suggested changes. Commissioner Salaam seconded the motion; the motion carried unanimously.

Study Session: None.

Adjournment: Seeing no further business, Chairperson Cobb adjourned the meeting at 7:56p.m.

Recorded by

Don Ho
Grants Compliance Specialist, Grants Management Division

Don Ho

APPROVED