



UNAPPROVED
MINUTES
COMMUNITY DEVELOPMENT COMMISSION MEETING
Tuesday, March 28, 2017, City Council Chambers
400 South Vine Street, Urbana, IL 61801

Call to Order: Chairperson Cobb called the regular meeting to order at 7:11pm.

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

Commission Members Present: Fred Cobb, Jerry Moreland, Lauren Karplus, Anne Heinze Silvis, Janice Bengtson, Michael Braun, Abdulhakeem Saalam and Karin Hodgins-Jones

Commission Members Excused/Absent: Chris Diana

Others Present: Kelly Mierkowski and Don Ho, Community Development Services

Approval of Minutes: Chairperson Cobb asked for approval or corrections to the February 28, 2017 minutes. Commissioner Silvis moved to approve the minutes as written and Commissioner Saalam 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.

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.

HOME RFP Awards & Agency Presentations:

- Courage Connection – TBRA Program
- Habitat for Humanity of Champaign County – New Constructions
- Navicore – Downpayment Assistance Program from the Community Reinvestment Group

Old Business: None.

New Business:

CDBG & HOME: ADOPTION OF A PLAN TO COMPLY WITH 24 CFR, PART 135 OF THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (SECTION 3)

Ms. Mierkowski explained that the purpose of Section 3 of the Housing and Urban Development Act of 1968 is to ensure employment and other economic opportunities generated by certain U.S. Department of Housing and Urban Development (HUD) financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State and local laws and regulations, be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons. A good example would be that the people in the neighborhood who got to work on the Highland Green Project.

Previously, the Grants Management Division (GMD) has complied with each regulation included within Section 3 separately, and passed those requirements on to applicable employers. To consolidate these regulations and more easily pass them along to applicable employers, the GMD has begun to codify Section 3 requirements into a formal administrative Section 3 Plan. The provisions of this plan would be triggered by applicable commitments of Community Development Block Grant (CDBG) funding by the City of Urbana as well as commitments of HOME Investment Partnerships (HOME) Program funding through the City or subrecipients of the Urbana HOME Consortium, including the City of Champaign and the Champaign County Regional Planning Commission (CCRPC).

The primary goal of the Plan requires that the City strive toward ensuring that at least 30% of the aggregate new hires working on HUD-funded projects are Section 3 residents. The Plan also defines a Section 3 Business Concern as being an organization that is either majority-owned by Section 3 Residents, a business whose permanent, full-time employees include at least thirty percent (30%) Section 3 Residents, or within three years of the date of first employment with the business concern were Section 3 residents, or a business that subcontracts in excess of 25% of the dollar award of all subcontractors to be awarded to business concerns that meet the qualifications. Section 3 Business Concerns are given preference in contracting when the City of Urbana bids projects funded in whole or in part by HUD funding.

Among other proposed activities, the Plan calls for the City to undertake the following actions:

- Contact the City of Urbana Economic Development Division, local business assistance agencies, Minority and Women's Business Enterprise (M/WBE) contractor associations, and community organizations to inform them of contracting opportunities and to request their assistance in identifying potential Section 3 Business Concerns.
- Establish relationships with the Champaign County Economic Development Corporation and Champaign-Urbana Small Business Development Center to assist the City with educating and mentoring residents with a desire to start their own businesses.
- Coordinate pre-bid meetings at which the Section 3 Business Concerns would be informed of upcoming contracting opportunities in advance.
- Provide written notice of contracting opportunities to all known Section 3 Business Concerns. The written notice will be provided in sufficient time to enable Business Concerns the opportunity to respond to the bid invitation.

This Plan would take effect for all applicable new construction or rehabilitation projects that are funded through HUD funds allocated to the City of Urbana or Urbana HOME Consortium. The City of Urbana and Urbana HOME Consortium Consolidated Plan FY 2015-2019 discusses the

steps that the City and Consortium will take to alleviate poverty. This Plan will assist in the existing Anti-Poverty Strategy detailed in the current City of Urbana and Urbana HOME Consortium Consolidated Plan. Ms. Mierkowski recommended that the Community Development Commission approve the Section 3 Plan for the City of Urbana and Urbana HOME Consortium.

Commissioner Braun asked about the meaning of establishing relationships with the Champaign County Economic Development Corporation and Champaign-Urbana Small Business Development Center because that second bullet point seems to be less specific or less concrete than the other three points. Ms. Mierkowski explained that the Economic Development Division already has good relationship with these entities. She also pointed out that most of the wording in this Plan is based on a template.

Commissioner Karplus asked about the 30% standard, whether it is just a normal standard or it is the gold standard. Ms. Mierkowski explained that the percentage is based on HUD regulations. Chairperson Cobb asked if the City still maintains a female and small-business owner contractors list. Ms. Mierkowski said that the Housing Rehab Coordinator has a list and the Human Relations Office may have one as well. Chairperson Cobb pointed out that the list is not included in the memo. Ms. Mierkowski responded by saying that she would add the list to the memo.

Chairperson Cobb 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 Silvis motioned for the approval of the Resolution with changes, Commissioner Salaam seconded the motion; the motion carried.

PRIVATE ACTIVITY BOND CAP (2017):

A RESOLUTION EVIDENCING THE INTENTION OF THE CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS. TO TRANSFER VOLUME CAP IN CONNECTION WITH PRIVATE ACTIVITY BOND ISSUES, SINGLE-FAMILY MORTGAGE REVENUE BONDS; AND RELATED MATTERS (PRIVATE BOND CAP ALLOCATION – EIEDA SERIES 2017)

A RESOLUTION EVIDENCING THE INTENTION OF THE CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS. TO TRANSFER VOLUME CAP IN CONNECTION WITH PRIVATE ACTIVITY BOND ISSUES, SINGLE-FAMILY MORTGAGE REVENUE BONDS; AND RELATED MATTERS (PRIVATE BOND CAP ALLOCATION – ILLINOIS ASSIST, SERIES 2017)

Ms. Mierkowski stated that the issue is for the Community Development Commission (CDC) to make a recommendation to the Urbana City Council regarding the use of the City of Urbana's 2017 private activity bond cap. The Urbana City Council must decide how to allocate the City's private activity bond cap before May 1, 2017, as the amount that has not been granted, transferred, or reserved by Home Rule units for specific projects or purposes as of May 1, 2017, shall be reserved to the Governor's Office on June 1, 2017 (the "Home Rule Pool").

Ms. Mierkowski explained that a private activity bond is a tax-exempt bond issued by a local or state government for the purpose of financing a project owned and operated by a private user. Private activity bonds are issued to finance various types of facilities, including multifamily housing projects and single family homes. Private Activity Bonds issued by the City are special obligations and do not constitute a debt or indebtedness of the City and do not give rise to a charge against the general credit or taxing power of the City.

The options include reserving the bond cap for specific projects or participating in homebuyer assistance programs offered through the Illinois Assist MCC Program and/or reserving the bond cap for neighborhood initiatives through the Eastern Illinois Economic Development Authority (EIEDA), or some coordination thereof. Any unused bond cap not ceded for any combination of these programs will automatically be ceded back to the State of Illinois for use by another municipality.

Illinois Assist MCC Program

A mortgage credit certificate allows qualifying borrowers to receive an annual federal income tax credit on a portion of the annual interest they pay on their mortgage loan. The tax credit enables a taxpayer to subtract the amount of credit from his or her annual total federal income taxes. In order to issue private activity bonds or mortgage credit certificates the City must utilize private activity bond volume cap allocation equal to the amount of such bonds or certificates issued. Ms. Mierkowski mentioned that she used this program when she purchased her house and it has worked well for her.

EIEDA

The Eastern Illinois Economic Development Authority (EIEDA) was created in July, 2005 by Illinois Public Act 94-0203. The Act allows EIEDA to issue taxable and tax-exempt bonds for the purpose of developing, constructing, acquiring, improving properties or facilities for business entities locating, or expanding, within the territorial jurisdiction of EIEDA. The jurisdiction includes the following counties: Champaign, Coles, Douglas, Edgar, Ford, Iroquois, Moultrie, Piatt, Shelby, and Vermilion.

There will be no fiscal impact to the City Budget in ceding volume bond cap to EIEDA, as any financial risk associated with issuing the bonds is removed from the City's responsibility, and the responsibility is assumed by the issuer. The City may also see benefits from eligible local projects in the future if they are supported with the bond financing provided through EIEDA. For the Assist 2017 Program, the City would have no liability for bond repayment since the City would not be the bond issuer and all mortgage repayments would be government-insured. Under the Assist 2017 program, the City would realize an increase in property taxes from new Urbana homebuyers. Program administrative fees incurred by the bond counsels and by the City's bond consultants would be paid with bond proceeds.

Ms. Mierkowski recommended that the CDC forward the Resolutions to the Urbana City Council with a recommendation for allocation of the City of Urbana 2017 private activity bond cap in the following manner: Half (50%) of its allocation of \$4,231,100 in the amount of \$2,115,550 from the City of Urbana 2017 private activity bond cap to be utilized for the Assist 2017 Program and

the other half (50%) to EIEDA to be utilized for possible neighborhood initiatives in the community, such as multi-family housing developments.

Commissioner Karplus asked if there are any other entities that were considered as recipients of the bond cap and why there is a 50/50 split. Ms. Mierkowski explained that it was the easiest way to divide the bond cap evenly. Moreover, the City has been doing this split for several years with the thinking that if the City may not have HOME or CDBG funds available for a multifamily housing project by EIEDA, the City could look at the private activity bond cap which EIEDA is very familiar with. Ms. Mierkowski also pointed out that there were 15 homebuyers that got assisted last year through the Illinois Assist MCC Program. Commissioner Braun asked if there is any information available regarding the people who got helped through EIEDA. Ms. Mierkowski said that she would ask EIEDA to get an update.

Chairperson Cobb 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 Braun motioned for the approval of the Resolution, Commissioner Salaam seconded the motion; the motion carried.

Study Session: No items for this agenda.

Adjournment: Seeing no further business, Chairperson Cobb adjourned the meeting at 8:11 p.m.

Recorded by

Don Ho
Grants Compliance Specialist, Grants Management Division

Don Ho

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