



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

Call to Order: Chairperson called the meeting to order at 7:07pm.

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

Commission Members Present: Fred Cobb, Janice Bengtson, Chris Diana, Anne Heinze-Silvis, and Lauren Karplus.

Commission Members Excused/Absent: Brian Cunningham, Jerry Moreland, and Lisabeth Searing

Others Present: Kelly H. Mierkowski and Matt Rejc, Community Development Services.

Approval of Minutes: Chairperson Cobb asked for approval or modifications to the October 27, 2015 minutes. Commissioner Bengtson brought up the subject of homelessness and the need for services for a family that she knows, in relation to the Emergency Solutions Grant and the Emergency Family Shelter as stated in the minutes; Commissioner Silvis moved to approve the minutes as written and Commissioner Diana seconded the motion. Chairperson Cobb stated that a lot of clarification was given in the minute which helped to explain better. 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 there were no audience members.

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.

Ms Mierkowski noted that the City had received its allocation from HUD for FY1617 and the amounts for both CDBG and HOME are down. Ms. Mierkowski also noted that the City received the letter from HUD regarding the HOME Monitoring Response and that there are still several issues to resolve.

Old Business:

Chairperson Cobb asked about the comments that were made in the minutes from the previous month regarding requested items, and Ms. Mierkowski stated that the items had been sent out, but she would check to make sure and would send anything out that had not, including the original ordinance/resolution creating the Commission.

New Business:

FY 2016-2017 Annual Action Plan Schedule (revised)

Ms. Mierkowski updated the Commission with a revised schedule for the Fiscal Year 2016-2017 Annual Action Plan process, noting the changes being made to the schedule.

A RESOLUTION APPROVING THE TRANSFER OF VOLUME CAP IN CONNECTION WITH PRIVATE ACTIVITY BOND ISSUES, SINGLE-FAMILY MORTGAGE REVENUE BONDS, AND RELATED MATTER (PRIVATE ACTIVITY BOND CAP ALLOCATION-EIEDA, SERIES 2016)

Ms. Mierkowski began the presentation stating that the issue before the Community Development Commission is regarding the use of the City of Urbana's 2016 private activity bond cap. As a Home Rule Unit in Illinois, the City is allowed a per capita of private activity bond cap per population in the amount of \$100. It is not actually money, but are bonds that can be issued for a particular project which may have a gap in funding.

The City is allowed \$100 per capita and the total available, as stated in the memo, is \$4,204,400, based on the population of 42,044. The different uses for the bond cap include multi-family housing projects, manufacturing, hospitals, and mortgage credit certificates in support of homeownership, which the City participated in the past, through Stern Brothers. As you can see, there are a lot of different uses for the bond allocation.

Since 2012, the City has allocated all its Bond Cap to the Eastern Illinois Economic Development Authority (EIEDA), which was created in 2005 by Illinois Public Act 94-0203. This Act allows EIEDA to issue taxable and tax-exempt bonds. They have a multi-county jurisdiction. The bond cap has been ceded in the past for possibly use toward multi-family housing projects in the City. In the past the bond cap was ceded toward homebuyer assistance programs, but they have either been discontinued or do not have an immediate need for additional bond cap. By ceding the bond cap to EIEDA, we felt that it could be used towards Highland Green (Kerr Avenue Development), or Aspen Court/Urbana Townhomes Development (The Havens at Prairie Park). By using EIEDA, it removes any financial liability on the part of or burden to the City.

The City must allocate or reserve its private activity bond cap authority for 2016 by May 1, 2016. The next step is to take this to Council, as a Resolution has to be submitted to the State. There is no fiscal impact to the City Budget in ceding volume bond cap to EIEDA. Staff is recommending that the Community Development Commission forward the Resolution to the City Council with a recommendation that the 2016 private activity bond cap allocation of \$4,204,400 be ceded to EIEDA for possible neighborhood initiatives. Ms. Mierkowski then asked if there were any questions from the Commissioners.

Commissioner Karplus asked for an explanation on how the bond cap would work through EIEDA, stating that they issue the bonds on behalf of the City at a rate of \$100 per capita. Ms. Mierkowski stated that per the State Home Rule, the City has \$4,204,400 available, so we are ceding the total amount to EIEDA, which has been done for several years. Commissioner Karplus asked if the bond cap had been used on Aspen Court, Urbana Townhomes, Kerr Avenue or other development projects, and Ms. Mierkowski stated that it was ceded in the past for possible use for any of these projects. Highland Green right now is working on getting their finances or funding sources in order, such as LIHTC; Urbana Townhomes is not as far along.

Commissioner Karplus asked in what ways does this help the developer and Ms. Mierkowski stated that it would help fill a gap in funding. Ms. Mierkowski that according to Andrew Hamilton, EIEDA, the bond cap works very well with the 4% LIHTC from the Illinois Housing Development Authority (IHDA), which are non-competitive tax credits. Nine Percent (9%) LIHTC are the competitive tax

credits. Commissioner Karplus then stated that the bond cap, as far as uses, would fall under #1 in the memo, i.e. multi-family affordable housing projects, and Ms. Mierkowski agreed. Commissioner Karplus asked what other potential uses of this bond cap allocation there are, and Ms. Mierkowski stated that in the past the bond cap was ceded to Stern Brothers, based in Aurora area, for homebuyer assistance programs. They issued the bonds and from there funds were made available; lenders were then able to access these funds for homebuyers to be used towards their mortgage. Instead of upfront down payment assistance, it was at the backend through their taxes. Commissioner Silvis commented that the bond cap is not a pool of money, but rather the capacity to borrow against the amount allocated or are allowed a certain capped number. It is not like the City is giving money, but is just borrowing, and Ms. Mierkowski agreed. Ms. Mierkowski also explained that not for profits in the community look more for funds to upgrade their facilities, rehabbing rather than new construction.

Commissioner Diana commented that in that past a lot of these bonds were used to bring industrial development into the State of Illinois, which has not happened for a while. Commissioner Diana then asked if there was any kind of feedback number, or how much in total has been allocated to them out of our funds vs. how much we have captured for projects in Urbana, and Ms. Mierkowski stated approximately \$12 million has been ceded and would need to contact EIEDA to determine the amount that has been used for projects in the community.

Commissioner Diana commented that he would be interested in the information, as the bonds probably go into a large pool made up of many counties, with Champaign County probably being the most stable. We may be more of a contributor than a borrower, so he would be interested in that ratio. Ms. Mierkowski agreed to contact EIEDA to obtain that information; she also stated that if a particular project came up and more bond cap was needed, we would be able to access from EIEDA and other authorities around the state that have not used all their cap. Commissioner Diana agreed that this is the case and that it was done in the past, but was curious about the in and out ratio, which Ms. Mierkowski agreed to obtain from EIEDA.

Chairperson Cobb asked for a motion to recommend that the resolution be forwarded to City Council with a recommendation for approval. Commissioner Silvis moved to approve the resolution and Commissioner Diana seconded the motion. Chairperson Cobb asked if there were any questions or comments; Commissioner Diana asked about the last page of the memo and if anything was missing. Ms. Mierkowski stated that the page showing only Urbana's population was included, since it was a large document. The motion carried unanimously.

AN AMENDMENT TO A SUBRECIPIENT AGREEMENT BETWEEN THE URBANA HOME CONSORTIUM AND HABITAT FOR HUMANITY OF CHAMPAIGN COUNTY (FY 2014 - 2015)

Mr. Rejc stated that the amendment is to an agreement that was brought before this Commission on May 27, 2015. The original agreement conveyed \$150,000 to Habitat for Humanity to construct or establish four (4) single family homeownership opportunities in Urbana. As time as gone on, some progress has been made, especially with 903 Eads in which Habitat has finished construction on this lot and has sold the completed house to a income-eligible homebuyer. Habitat also owns 1403 Eads and is progressing on that lot as well; however, Habitat has had some difficulties in acquiring the properties located at Hill and Goodwin.

With that in mind, Mr. Rejc stated that they have requested to amend the agreement to remove these two properties and replace them with another property that has come to their attention that they have been looking to acquire, i.e. 1203 Beslin. Their proposition is presented in the table on the second page of the memo. They are proposing the same funding amount of \$37,500 be allocated for each of the three properties, to bring the total agreement to \$112,500. It would essentially reflect the table listed on page two of the memo, and as before, each of the projects would be completed as part of Habitat's Affordable Housing Homeownership Program, using the same policies that they used or planned to use for the original agreement.

In addition to the HOME funds being requested for these properties, Habitat again has been using the Attorney General Grant rather extensively and would continue to use that grant for the 1203 Beslin property, the pro forma for this project is located in the application in the packet. The project would be overseen by Sheila Dodd, Executive Director and Gary Pearson, Construction Manager for Habitat. They would use the same selection and guidelines, and program manual, so with that in mind, we would like to give the option for forward the resolution to the Urbana City Council with a recommendation for approval, or make suggested changes, or do not recommend approval of the resolution.

In terms of fiscal impacts, since this project entirely deals with HOME grant funds, there would be no change to the general fund. The \$37,500 in HOME funding that would be released by this amendment would be allocated to other HOME eligible projects. It is important to point out that the establishment of three new single family units in Urbana would help the City to build the tax base and in terms of programmatic impacts, since this amendment straddles two consolidated plans, it would fulfill goals in both con plans, both the immediate past and the current one (FYs 2015-2019).

Staff recommends that the Community Development Commission forward the Resolution to the Urbana City Council with a recommendation for approval, and will add that we are still analyzing the 1203 Beslin project from a regulatory stand point, in light of the HUD Monitoring that we received and the new guidance from HUD, we are making sure that it would still be eligible. Given our trust with Habitat and that we have partnered with them many times, we are very confident that this project, similar to other projects completed, will move forward. The agreement is also pending legal review, it will be sent to the Legal Dept. so changes may occur between now and City Council. Mr. Rejc then asked if there were any questions.

Commissioner Diana stated that he had two questions: (1) with regard to amounts, since this was originally a \$150,000 plan which is now \$112,500, what is the impact with regard to the remaining \$37,500. Mr. Rejc stated that essentially this amendment would turn that amount into unprogrammed funds, which could only be used for HOME eligible uses. Some of the examples that were put in the memo include Kerr Avenue/Highland Green Development project; as that project moves along a portion of the funds could be committed to the developer for that project. It could also be used for the Whole House Rehabilitation Program. We have projects that the funds could be put to, so the funds will not sit, but it becomes unprogrammed at this point.

Commissioner Diana then stated his second question, which is more related to time, in that if the funds are unprogrammed funds, when is the deadline for commitment? The funds were originally from 2013, and the agreement was then done in FY 1415, and it is now 2016. It is noted in the memo that there is a three year time limit issue. When does that three years start? Or, when does it end? Mr. Rejc asked for clarification in that is it HOME deadlines or Habitat deadlines, and Commissioner Diana stated that each of the projects, per the memo, will be completed in three years from when, i.e. from 2013, when we first wrote the agreement or from today when we re-wrote it? One project is already completed, one is in process and one has not started. Commissioner Diana stated that he was trying to figure out if we are designating the correct timeline for this project or should the three year time limit be changed.

Mr. Rejc stated that in terms of construction, for ones that have not started yet, it would probably be further than three years from the 903 Eads, from when the three years started from that project. In terms of logistics, but the actual Federal HOME Rule states the deadline that would come up would be a commitment deadline, and this contract committed FY1415 funds, so the deadline for that is this July 31, 2016, which we are working on. Ms. Mierkowski stated that committed funds involve a signed contract. Commissioner Diana reiterated that the language states three years to complete the project. Mr. Rejc noted that there is a separate deadline that would be reflected. The deadline listed in the memo is more of a programmatic deadline from Habitat; it is a time line that they project for completion of the project. In terms of HOME funds, there is a completion deadline of four or five years, but the more immediate concern is the two year commitment deadline of the FY 1415 funds. Ms Mierkowski stated that deadlines are confirmed through IDIS reports to ensure that the commitment deadline is met.

Chairperson Cobb asked for a motion to forward the resolution to City Council, forward with changes, or not recommend approval. Commissioner Diana made a motion to forward the resolution to the Urbana City Council with a recommendation for approval, Commissioner Karplus seconded. No further comments or questions, motioned carried unanimously.

A RESOLUTION CERTIFYING A COMMUNITY HOUSING DEVELOPMENT ORGANIZATION FOR THE URBANA HOME CONSORTIUM (Habitat February 2016)

A RESOLUTION APPROVING AND AUTHORIZING THE EXECUTION OF AN URBANA HOME CONSORTIUM COMMUNITY HOUSING DEVELOPMENT ORGANIZATION AGREEMENT (Habitat CHDO Developer FY 2015-2016)

Mr. Rejc presented on both agenda items together, stating that Community Housing Development Organizations need to be certified for each of their projects that they undertake. In this case, Habitat has submitted an application to the City to use CHDO funds for three projects, two in Champaign and one in Urbana. As in the past, we are putting the certification and the project agreement through together at the same time. The CHDO reserve amount for FY 2015-2016 funds is \$97,962.60, so this would be committing the full CHDO reserve amount to Habitat. As it is mentioned in the memo, staff has not received a completed CHDO Certification Application from Habitat, and at this time will more than likely need to forward this agenda item to the next meeting. When we are able to receive the completed CHDO Certification Application another possibility would be to have the Community Development Commission make some kind of recommendation regarding this contingent upon Habitat bringing forward a completed CHDO Certification Application, but it is the Commission's decision on how to proceed in that regard.

Ms. Mierkowski noted that the previous Certification, as stated by HUD, did not follow the new HOME Rule, so a revision of the Certification Application was made. There is a lot more information requested in the new Application, and Habitat tried to complete the application before the deadline for packets to be sent out, but was unable to do so. They [Habitat] are working on it and we expect it to be submitted very soon, but it was decided to bring the agenda item to the Commission with the Resolution, and then present it to the Commission for your preference with regard to this item.

Chairperson Cobb asked if there were any questions and stated that the contingency option would be good and if they [Habitat] do not get the Certification Application completed, then the Commission would go from there. Chairperson Cobb asked for other Commissioner's thoughts. Commissioner Diana asked if there is any negative impact by not approving the agenda item at this meeting and deferring it to the next one? Mr. Rejc stated that the only advantage to that would be Sheila Dodd will be out of town over the next few weeks, so it is possible she may need more time to complete the Application. With that in mind, forwarding it to the next meeting and keeping it at the Community Development Commission could be an advantage. Commissioner Diana reminded the Commissioners and staff that it has only been a few years since we have had some issues regarding Habitat and HUD, where activities were suspended between the City and Habitat for about a year that came about because of procedures, who they brought in to offices, so we might want to be cautious or over cautious, as long as it does not do any harm to the Resolution, to make sure "our ducks are in a row." Ms. Mierkowski stated that as far as commitments go, we have until July 31, 2016 which is the deadline, so waiting one more month would not hurt, if that is the Commission's wish.

Chairperson Cobb asked what was the pleasure of the Commission regarding this issue, asking for a motion. Commissioner Diana moved that the Resolution be deferred to the next Community Development Commission meeting. Commissioner Karplus seconded, motion carried unanimously. Ms. Mierkowski asked for clarification regarding where on the agenda the item should go and it was confirmed under Old Business. Ms. Mierkowski also stated that maybe Ms. Sheila Dodd would be available to come to the next meeting as well, and would check with her schedule.

Study Session: No items for this agenda.

Adjournment: Before the close of the meeting, Commissioner Bengtson brought up the issue of the homeless family and what services they could be referred to. It was suggested calling 211, as there is no long a First Call For Help, as well as the Emergency Family Shelter, a collaboration between United Way and the Housing Authority of Champaign County, however, it is not open yet. Another suggestion that was made was the Phoenix Drop-in Center/C-U at Home, a great organization and resource with limited case management; contact information was given to Commissioner Bengtson.

Seeing no further business, Chairperson Cobb adjourned the meeting at 7:57pm.

Recorded by
Kelly H. Mierkowski
Manager, Grants Management Division

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