

RESOLUTION NO. 1999-04-012R

A RESOLUTION
AMENDING THE URBANA HOME CONSORTIUM AND
THE CITY OF URBANA CONSOLIDATED PLAN
FOR PROGRAM YEARS 1995-1999

WHEREAS, the City of Urbana has been designated an entitlement city under the Federal Housing and Community Development Act of 1974, as amended, and as such is eligible for Community Development Block Grant (hereinafter "CDBG") funds upon proper submittal being made to the United States Department of Housing and Urban Development (hereinafter "HUD"); and

WHEREAS, the City of Urbana has been designated lead entity for the Urbana HOME Consortium in accordance with the Cranston-Gonzales National Affordable Housing Act of 1990, as amended, and as such is eligible to receive HOME Investment Partnerships (hereinafter "HOME") funds on behalf of the City of Urbana, City of Champaign, and Champaign County; and

WHEREAS, on January 5, 1995, HUD published a final rule in the Federal Register requiring a consolidated plan for all HUD community planning and development formula grant programs, consolidating into a single submission the planning, application, and reporting aspects of the CDBG, HOME, Emergency Shelter Grants, and Housing Opportunities for Persons with AIDS programs, and the Comprehensive Housing Affordability Strategy; and

WHEREAS, on May 15, 1995, the Urbana City Council approved the *Urbana HOME Consortium and the City of Urbana Consolidated Plan for Program Years 1995-1999*

(hereinafter the "Consolidated Plan") and authorized submittal of the Consolidated Plan to HUD; and

WHEREAS, HUD has subsequently approved the Consolidated Plan; and

WHEREAS, City of Urbana Community Development Services staff has prepared an amendment (hereinafter the "Amendment") to the Strategic Five-Year Plan in the Urbana section of the Consolidated Plan to add a strategy enabling the City of Urbana to allocate HOME funds to refinance debt on certain rental properties; and

WHEREAS, on February 3, 1999, a notice was published in the *Champaign-Urbana News-Gazette* describing the proposed Amendment; announcing a public review period beginning February 10, 1999, and ending March 16, 1999; and announcing a March 16, 1999, public hearing on the proposed Amendment; and

WHEREAS, Community Development Services staff held a public hearing on the proposed Amendment on March 16, 1999, at the Urbana City Building; and

WHEREAS, at its March 23, 1999, meeting the Urbana Community Development Commission recommended adoption by the Urbana City Council of the proposed Amendment.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF URBANA, ILLINOIS, as follows:

Section 1. That the *Urbana HOME Consortium and the City of Urbana Consolidated Plan for Program Years 1995-1999* is hereby amended by adding to Part B. (City of Urbana), Section IV. (Strategic Five-Year Plan), Subsection E. (Program Delivery), a new Strategy E9 as follows.

Strategy E9: To promote affordability of rental property receiving HOME funds from the City for moderate or substantial rehabilitation, the City may elect, on a case-by-case basis, to use HOME funds to refinance existing debt on the property in addition to providing HOME funds for rehabilitation. Refinancing of a project may occur only if specifically authorized in an Annual Action Plan approved by the Urbana City Council, and, then, only if conditions of the refinancing are clearly stated in the plan. To be eligible for refinancing a project must meet the following conditions.

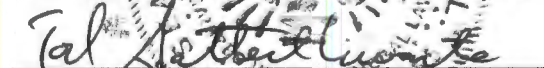
- Refinancing cannot be the primary purpose of the HOME investment. Refinancing is only appropriate when HOME funds are loaned to rehabilitate the property for which refinancing is being requested and then only when necessary to permit or ensure continued affordability. To demonstrate that rehabilitation is the primary activity for which HOME funds have been expended in connection with the property, at least \$5,000 per unit average in HOME funds must have been provided for rehabilitation of the property.
- The project sponsor requesting HOME funds for debt refinancing must demonstrate, and the City must confirm, that disinvestment in the property has not occurred, long-term needs of the project can be met through the refinancing, and servicing the targeted population over an extended affordability period is feasible.
- Refinancing may be approved either to maintain current affordable units or to create additional affordable units.
- Properties for which refinancing is approved may be located anywhere within the Urbana corporate limits.
- Properties for which refinancing is approved are subject to an affordability period of at least 15 years starting on the date the refinancing is closed.
- HOME funds cannot be used to refinance multiple-family loans made or insured by any other federal program, including, but not limited to, the Community Development Block Grant Program.

Section 2. That the Mayor is hereby designated as the authorized representative of the City of Urbana to take any action necessary in conjunction with said Consolidated Plan Amendment including submittal of the Amendment to HUD.

PASSED by the City Council this 19th day of April, 1999.


Phyllis D. Clark, City Clerk

APPROVED by the Mayor this 20th day of April, 1999.


Tod Satterthwaite, Mayor

AYES: Hayes, Huth, Kearns, Patt, Taylor, Whelan, Wyman

NAYS:

ABSTAIN: