

EVANSTON HOUSING COMMISSION
MINUTES
June 18 2009

Present: Eric Beauchamp, Chair, Tim Angell, Carol Balkcom Yolanda Bender, Brooks Harding, Bruce Nelson, Joanne Zolomij
Absent: Richard Mosley, Susan Munro
Staff: Donna Spicuzza, Housing Planner

I. Call to Order, Approve Minutes of May 21, 2009

The meeting was called to order with a quorum present at 7:05 p.m. with Carol Balkcom presiding until Chair Eric Beauchamp arrived. Bruce Nelson moved to approve the minutes of May 21, 2009 with one addition and one corrections, seconded by Tim Angell. The **motion carried 5-0.**

II. Communications

- Affordable Housing Fund Report: accepted report with fund balance of \$634,328 as of 5/31/09
- Ongoing Project List: Members discussed different projects, made suggestions to show ward and the amount allocated and drawn
- HOME Funding Memo: additional information will be forthcoming. Ms. Balkcom suggested they remember the desire to assist people in foreclosure. Mr. Angell asked for updated foreclosure statistics and how they compare to a year ago.

III Discussion of Modification of Approved HOME Funds for 1929 Jackson

Ms. Spicuzza said that staff recommends revising the project and the funding amount for Housing Opportunity Development Corporation's two-unit building at 1929 Jackson. HOME funds of \$195,000 were approved in October, 2007 to rehab and convert to a condominium. She said that changes in the housing market necessitated the project to be reanalyzed before funds were disbursed. The modification agreed to by staff and HODC would change the project to rental and restructure the financing to provide a \$175,000 rehab grant and a \$124,000 loan to reduce the first mortgage and the debt service. The loan would be at 0% with repayment starting in 10 years and due in 25 years or at title transfer. Ms. Spicuzza said the building is an important project on a block where the City is investing a lot of effort to help improve conditions, and they don't want to it turn into another vacant building or sold to someone who wouldn't do proper rehab.

Mr. Angell said he had misgivings about the project and asked why the Housing Commission wasn't informed about staff's concern with the ownership aspect of the project. He said he felt that the Commission should know about intent to change a project and he also thinks HOME funds would be better spent on a more stable block.

Members discussed the merits of working in areas where funds can have an impact on changing the livability of the blocks, and also discussed specific items in the development budget. Mr. Angell expressed concern about the smaller staff of the organization. Ms. Spicuzza said that Community Development staff met with Richard Koenig and Jessica Hoteling, who has taken over property management responsibilities and are confident they will step up to the challenges.

Carol Balkcom moved that they support the recommendation to change the project to rental and provide \$175,000 as a grant and \$124,000 as a loan, seconded by Yolanda Bender. The **motion passed 6-1.**

IV. Update on the City-assisted active development projects

Representatives from three Community Housing Development Organizations (CHDOs) presented information efforts to market and sell affordable ownership units. Ms. Spicuzza said that information will go to Planning and Development Committee on June 22 as a discussion item, without any staff recommendations at this time.

David Janzen of Reba Place Development Corporation (RPDC) discussed efforts to sell the remaining 8 condominium units at 602 Mulford. No units have been sold since the initial four units last year. He said that RPDC has been in discussion with Good News Partners in Rogers Park about the possibility of purchase of some units by households they have assisted, with mortgage financing through Good News Partners. He said the organization works with people who are homeless and near homeless to provide housing and help them become stabilized and move up the housing ladder. Mr. Janzen said some homeowners identified by the organization as potential candidates have seen the units, but he didn't have details on their financial readiness to purchase.

Keith Banks of Evanston Community Development Association (ECDA) has not sold any units at 736-738 Dobson since last year, and one contract fell through again after the purchaser suffered a job loss for the second time in five months. He said that the City's six months of assistance with interest payment subsidy was ending in June and they were in need of additional assistance to carry them through until units are sold.

Both Mr. Janzen and Mr. Banks talked about the upcoming expiration of the funding from IHDA and the need to sell units before the end of the year. They also discussed the difficulty of finding purchasers who made enough money to afford the unit without being over income, because the eligibility band is very narrow.

Wilfred Gadsen of Citizens' Lighthouse Community Land Trust told members that the single family house at 2212 Washington is under contract and all parties are working to close on the sale by the end of the month. He said they keep a list of potential purchasers, and have some people who are interested but for whom the Washington house was not suitable. He said they also referred interested buyers to RPDC and ECDA. Mr. Gadsen said that CLCLT is looking at other potential properties, but would alter their model so that they would have pre-identified buyers.

Commission members discussed the marketing efforts, carrying costs and the economic conditions that made sales difficult, especially the narrow income range of eligible buyers. They talked about the need for additional carrying cost assistance, and discussed possible ways to solve the problem, including lease-purchase, downpayment assistance and price reductions. They noted that both projects already had multi-layers of subsidy. Mr. Beauchamp noted that if projects fail and don't serve the intended beneficiaries, the City will have to pay back the HOME funds into the local HOME account. Mr. Nelson recommended the City provide additional subsidy to help reduce prices and finish the projects, then they could move forward and focus on rental projects.

Tim Angell moved to recommend extending interest payment assistance for an additional six months and to develop a plan to provide additional subsidy to reduce the purchase prices, and it was seconded by Bruce Nelson. **The motion passed 7-0.** Realtors on the Commission will work with the CHDOs and staff to determine feasible selling prices and additional subsidy needs.

V. Program Revision to the Single Family Rehab Program to Allow Owner Occupied 3 Unit Properties to be Eligible for Financing

Property Rehab Division and Community Development staff recommend changing the CDBG Single Family Rehab Program guidelines to include owner-occupied properties consisting of 3 dwelling units. Currently 1 and 2 unit owner-occupied properties who meet income qualifications are eligible for financing made possible through this program. Borrowers under 50% AMI can get 0% title transfer loans for the rehab, and borrowers between 51 – 80% get amortizing loans. Larger buildings fall into the Multi-Family Program which only makes amortizing loans and charges interest.

Ms. Spicuzza said this will be presented at Planning and Development Committee June 22, 2009. A motion was made and seconded to recommend revision to the Single Family Rehab program as recommended by staff. **The motion passed 7-0.**

VI. Report on Affordable Housing Comprehensive Plan Task Force

The report was held until next meeting when task force members would be present.

VII. Update on HUD Neighborhood Stabilization Programs

Ms. Spicuzza told members that they have not heard from the State of Illinois regarding Evanston's application for \$3 million in NSP funds. She referred to the memorandum regarding the City's intention to apply to HUD for NSP2 funds through the American Revitalization and Recovery Act of 2009 (ARRA) in a national competition. She said NSP2 differs from NSP1 in that it requires a minimum request of \$5 million to affect a minimum of 100 foreclosed or abandoned properties. She said that due to the scope of the application the City is considering partnering with experienced for-profit or non-profit entities on a proposal, Ms. Spicuzza said that the proposals are due to HUD by July 17 and the memo explained that the grant proposal would be presented to City Council at its July 13, 2009 meeting.

She noted that another difference in NSP2 is the modified public comment requirement and said that general information about the application will be posted on the City's web site in early July. She said only two census tracts will be targeted for assistance because of the scoring requirements of NSP2.

VII. Public Comment

Wilfred Gadsen spoke about federal stimulus funds. Suzanne Carlson requested the minutes be updated on the web site.

VIII. Adjournment

The meeting adjourned at 9:10 p.m.

Respectfully submitted,
Donna Spicuzza