



DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

Grants Management Division

m e m o r a n d u m

TO: Bruce K. Walden, Chief Administrative Officer

FROM: Elizabeth H. Tyler, AICP, City Planner/Director

DATE: February 3, 2003

SUBJECT: Property Disposition within the Eads Subdivision

Description

Included on the agenda for the February 10 meeting of the Urbana City Council Committee of the Whole, is the transfer (donation) of city-owned properties located within the Eads at Lincoln Subdivision to Homestead Corporation (Homestead) for the construction of single-family homes.

Issues

The issue is whether the City Council should approve a contract to transfer (donate) the subject properties to Homestead.

Background

In June 1989 the Urbana City Council adopted the *King Park (Neighborhood) Plan 1989-2001* as an amendment to the City's Comprehensive Plan. A key redevelopment project of the plan was the reconstruction and extension of Eads Street from Lincoln Avenue to Goodwin Avenue and construction of single-family homes in the Eads Street Corridor. Upon adoption of the plan, the City began acquiring and clearing properties. The first homes were constructed in Spring 1991 and financed through below-market-rate financing; Community Development Block Grant Funds; general tax funds; tax increment financing funds; and a housing construction loan provided by the Illinois Housing Development Authority.

Starting in 1996, the City started donating or selling vacant lots to households desiring to have homes constructed on them. The City entered into agreements with local lending institutions for financing the construction of these homes. Since the adoption of the plan, 25 homes have been built in the neighborhood. Most of the homes were built through the City's housing construction program, although the Urbana School District's Construction Trades Program have built three, and one home was privately built. The Illinois Center for Citizen Involvement (ICfCI) is finishing construction of their third home in the subdivision and the Urbana School District is currently constructing a home on Eads Street. In addition to housing construction, the Peter Pan Day Care Center relocated from Goodwin Avenue to a newly constructed facility at the southeast corner of Eads and Harvey Street. At this time, staff is discussing the sale of 1107-1109 North Gregory Street to the day-care facility for expansion of their facilities. The sale of both of these parcels to the day-care center is not part of this ordinance and would be brought before City Council at a later date.

In December 2000, the City of Urbana entered into an agreement with ICfCI to construct six homes within the Eads Subdivision. In Spring 2002, ICfCI notified the City of Urbana that they were not

going to be able to construct the homes even though they had qualified four homebuyers. In November 2002, the City of Urbana entered into an agreement with the Homestead Corporation for the construction of the remaining five homes. Construction of the homes will start Spring 2003 after the properties are donated to the Homestead.

Also in December 2000, Urbana City Council authorized the donation of eleven properties within the Eads Subdivision to ICfCI and the Urbana School District. Three properties were donated to ICfCI and had homes constructed on them through the HomeBuild3 Program. Two properties were donated to the Urbana School District for use in their construction trades program. The school district is currently constructing one home. One parcel was eliminated during a re-platting of Harvey Street. As a condition of the November 2002 development agreement between the City of Urbana and Homestead, the remaining four properties within the subdivision to be donated to Homestead are: 908 West Eads Street, 910 West Eads Street, 916 West Eads Street, and 902 Wascher Drive. The property located at 1105 North Harvey Street was donated to ICfCI to begin construction of their first Eads house. ICfCI has since deeded the property to their client. If this client does not re-qualify to participate in Homestead's Eads Program, this property will be deeded back to the city for Homestead's use.

Options

1. Approve the donation of the properties to Homestead per the attached sales contract.
2. Approve the donation of the properties to Homestead with an amended sales contract.
3. Do not approve the donation of property to Habitat.

Fiscal Impacts

The transfers would be completed at no cost to Homestead. The city would receive no payments for the parcels. Disposition of the parcels would eliminate \$1,115 in property maintenance costs currently incurred by the Community Development Block Grant Program. The homes constructed on these sites would generate real estate taxes and are expected to have a positive effect on the values of the surrounding properties.

Recommendations

Community Development staff recommend approval of these transfers to the Urbana City Council. At their January 28, 2003 meeting, the Urbana Community Development Commission recommended approval of this property transfer to Homestead.

Memorandum Prepared By:

**Michael Loschen
Grants Coordinator II**

Attachments:

- (1) Eads at Lincoln Subdivision Photographs
- (2) Eads at Lincoln Subdivision Map
- (3) An Ordinance Authorizing the Sale of Certain Real Estate (Eads Subdivision Properties)
- (4) Contract for Sale of Real Estate



HomeBuild3 Homes
1101-1103 North Harvey Street



902 Wascher Drive



916 West Eads Street



914 West Eads Street: future site of Urbana
School District house construction

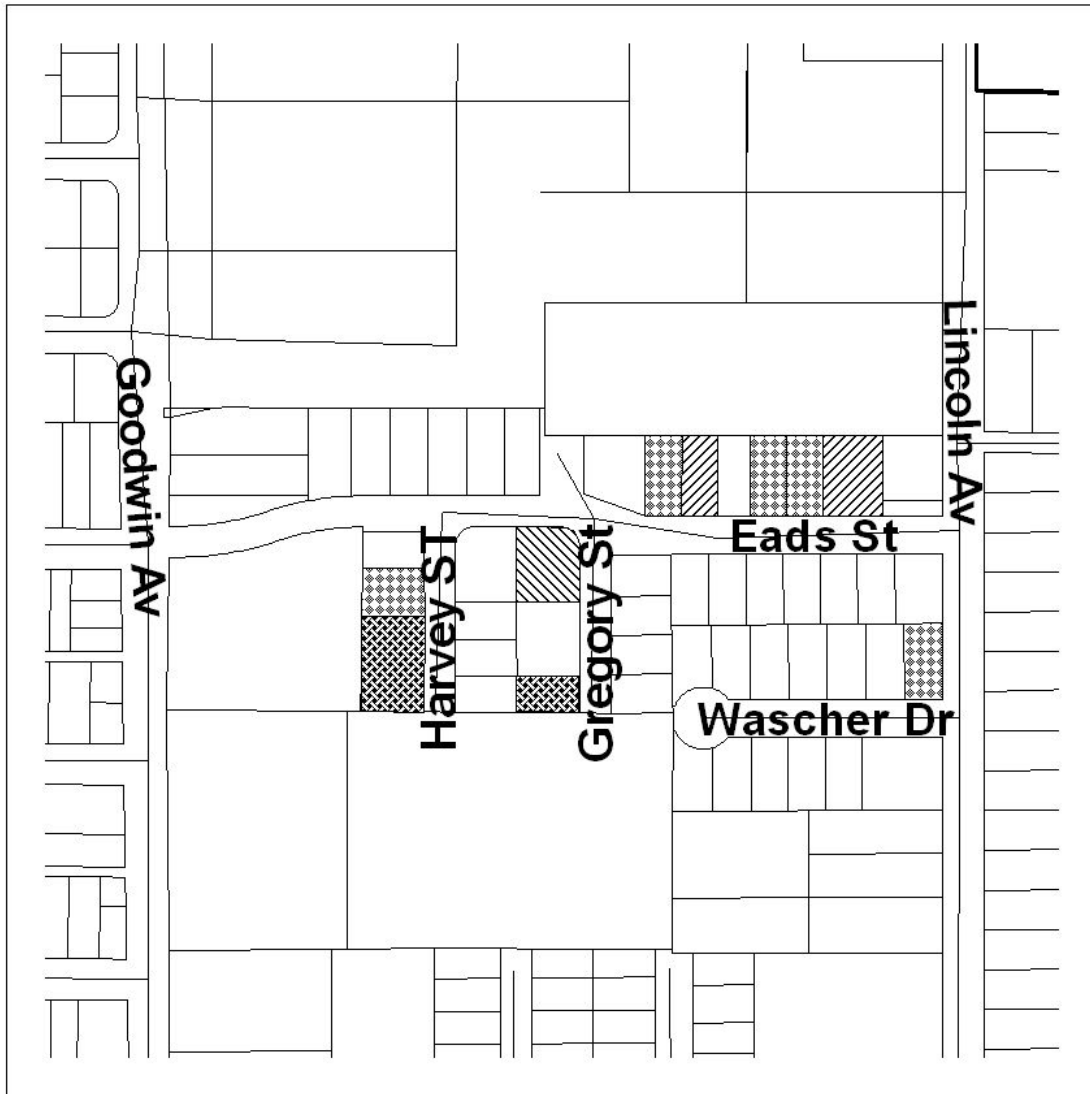


1105 North Harvey Street



908-910 West Eads Street (looking from the
Northwest corner)

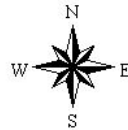
Properties In Eads Subdivision



Grants
Management
Division



- Properties to Homestead
- School District Properties
- HomeBuild 3 Properties
- Peter Pan Properties



100 0 100 200 Feet



ORDINANCE NO. 2003-02-011

AN ORDINANCE AUTHORIZING THE SALE OF CERTAIN REAL ESTATE

(908 W. Eads Street, 910 W. Eads Street,
916 W. Eads Street, and 902 Wascher Drive)

WHEREAS, Subsection (a), entitled "Sale of real estate," of Section 2-118, entitled "Purchase, sale, lease, etc., of real estate," of the Code of Ordinances, City of Urbana, Illinois, provides that any real estate owned by the City of Urbana may be sold in any manner prescribed by the City Council in an ordinance authorizing such sale; and

WHEREAS, the requirements of said Subsection (a) of Section 2-118 for a public hearing and for the required notice for such public hearing do not, pursuant to the terms thereof, apply to the sale of residential property acquired under the Community Development Program; and

WHEREAS, the City Council now desires to sell the real estate commonly known as 908 West Eads Street, 910 West Eads Street, 916 West Eads Street, and 902 West Wascher Drive, which said properties have heretofore been acquired under the Community Development Program, in accordance with said Subsection (a) of Section 2-118 and the policy heretofore established with respect thereto; and

WHEREAS, the City Council expressly finds and declares that said real estate is not needed for governmental purposes or proprietary activity of the City of Urbana; and

WHEREAS, under Urbana City Ordinance Number 2002-12-136, the City of Urbana is obligated to donate four vacant residential lots within the Eads at Lincoln Subdivision to the Homestead Corporation of Champaign-Urbana's Eads at Lincoln Program; and

WHEREAS, the City Council finds that donating said real estate be beneficial to the clients of the Homestead Corporation of Champaign-Urbana by allowing them construction sites.

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

Section 1. That the said real estate be donated to the Homestead Corporation of Champaign-Urbana's Eads at Lincoln Program.

Section 2. That the said real estate dispositions be completed by March 31, 2003.

Section 4. That the said real estate not donated under this ordinance by March 31, 2003 will be donated at a later date to any non-profit housing developer for use in a housing construction program.

Section 5. That the Mayor of the City of Urbana, Illinois, be and the same is hereby authorized to execute all necessary deeds and documents required for the lot dispositions on behalf of the City of Urbana, Illinois.

PASSED by the City Council this _____ day of _____, 2003.

AYES:

NAYS:

ABSTAINS:

Phyllis D. Clark, City Clerk

APPROVED by the Mayor this _____ day of _____, 2003.

Tod Satterthwaite, Mayor

CONTRACT FOR SALE OF REAL ESTATE

This Contract made and entered into this _____ day of _____, 2003 by and between the City of Urbana, Illinois, a municipal corporation of the State of Illinois (hereinafter referred to as the City as Seller, and the Homestead Corporation of Champaign-Urbana, an Illinois not-for-profit corporation (hereinafter referred to as Homestead as Buyer).

WITNESSETH:

IT IS MUTUALLY UNDERSTOOD AND AGREED BETWEEN THE PARTIES HERETO as follows:

1. Sale. The City agrees to sell and convey, and Homestead agrees to buy, the following described parcels of real estate (hereinafter referred to as "Subject Properties"):

Tract I

Lot 1 of Eads Fourth Subdivision, as shown on a plat dated November 28, 1995 and recorded December 20, 1995 in Plat Book "CC" at page 138, as Document Number 95R27692, in the Office of the Recorder of Deeds, Champaign County, Illinois;

PIN: 91-21-07-278-017;

more commonly known as 908 West Eads Street, Urbana, Illinois

Tract II

Lot 2 of Eads Fourth Subdivision, as shown on a plat dated November 28, 1995 and recorded December 20, 1995 in Plat Book "CC" at page 138, as Document Number 95R27692, in the Office of the Recorder of Deeds, Champaign County, Illinois;

PIN: 91-21-07-278-016;

more commonly known as 910 West Eads Street, Urbana, Illinois

Tract III

Lot 1 of Wascher's Second Replat, as per plat recorded in Plat Book "BB" at Page 254, situated in the City of Urbana, Champaign County, Illinois;

PIN: 91-21-07-279-026

more commonly known as 902 Wascher Drive, Urbana, Illinois

Tract IV

Lot 3 of Eads Third Subdivision, as per plat recorded in Plat Book "CC" at Page 28, situated in the City of Urbana, in Champaign County, Illinois;

PIN: 91-21-07-278-012

more commonly known as 916 West Eads Street, Urbana, Illinois

2. Purchase Price. City agrees to convey title to Subject Properties for One Dollar (\$1.00) and other consideration as described herein.
3. Evidence of Title. Within a reasonable time, the City shall select and deliver one of the following to Homestead as evidence of title:
 - a. A copy of a title insurance policy issued to the City in connection with acquisition of Subject Properties by the City; the City warrants that it has done nothing to encumber Subject Properties since its acquisition of Subject Properties; or
 - b. A commitment of title insurance issued by a title insurance company regularly doing business in Champaign County, committing the company to issue a policy in the usual form insuring title to Subject Properties in Homestead's name for the amount of the City's purchase price or the minimum amount of title insurance, whichever is greater.

Permissible exceptions to title shall include only the lien of general taxes; zoning laws and building ordinances; easements, apparent or of record, which do not underlie the improvements, if any; and covenants and restrictions of record which are not violated by the existing improvements or the present use of the Properties and which do not restrict reasonable use of the Properties.

Homestead shall point out in writing to City within a reasonable time after receipt of the evidence of title any objections which Homestead may have thereto and unless so pointed out the evidence of title shall be conclusively presumed to be accepted by Homestead.

The City shall have a reasonable time to cure any objections actually interfering with or impairing the merchantability of the title to Subject Properties. If the City is unable to cure such objections and is unable to procure a title policy insuring over such objections, then Homestead shall have the option to terminate the Contract.

The evidence of title and title insurance shall be at the sole expense of the City.

4. Conveyance. The City agrees to convey Subject Properties to Homestead by good and sufficient Warranty Deed, subject to current taxes, covenants, conditions, restrictions, easements apparent or of record, and to all applicable zoning laws and ordinances. No legal right, title, or interest, except as Contract Purchaser, in the Subject Properties or any improvements thereon, shall vest in Homestead until delivery of said Warranty Deed to Homestead in the manner and under the conditions prescribed herein.
5. Escrow. At the time the City delivers a Warranty Deed to Homestead to convey title in Subject Properties to Homestead, a Quit-Claim Deed from Homestead in favor of the

City shall be placed in escrow with _____ (hereinafter referred to as "Escrow Agent").

In the event that Homestead causes construction of a single-family residence on Subject Properties and Homestead obtains a certificate of occupancy for said residence from the Urbana Building Safety Division on or before March 31, 2004, or on or before the date established in any modification of this Contract, the Escrow Agent shall destroy said Warranty Deed and give Homestead written assurance of such destruction.

In the Event that Homestead has not started construction of a single-family residence on Subject Properties as of March 31, 2004, or as of the date established in any modification to this Contract, the Escrow Agent shall release said Warranty Deed to the City. It is understood and agreed that in such event City shall assume all obligations under any existing construction money mortgage.

In the event that Homestead has begun construction of a single-family residence on Subject Properties as of March 31, 2004, or as of the date established in any modification to this Contract, but has not obtained a Certificate of Occupancy for said residence as of that date, or as of the date established in any modification to this Contract, the City retains the right to pay Homestead, in care of the Escrow Agent, an amount equivalent to the value of improvements in place on Subject Properties as of March 31, 2004, or as of the date established in any modification to this Contract, taking credit against said amount for any outstanding liens or encumbrances, including the balance due on any construction mortgage against Subject Properties, said liens including real estate taxes prorated up to the date the City assumes possession under this paragraph. Said value shall be certified to both Homestead and the City by an architect licensed by the State of Illinois, doing business in Champaign County, Illinois and mutually acceptable to Homestead and the City. The Escrow Agent shall deliver said payment to Homestead and release said Warranty Deed to the City.

6. Taxes and Assessments. City shall pay all special assessments confirmed prior to the date of this Contract and real estate taxes assessed against Subject Properties for 2003 payable in 2004 up to the date of possession. Homestead shall pay all special assessments and real estate taxes assessed against Subject Properties after the date of possession

Homestead shall promptly pay all bills for utilities and taxes associated with Homestead's possession and use of Subject Properties, including but not limited to water, gas, electric, recycling, cable television, sewage treatment, and sewer benefit taxes.

7. Condition of Subject Properties. Homestead agrees to accept Subject Properties in its "as-is" condition, and the City disclaims all warranties express or implied as to the condition of Subject Properties.

8. Compliance with Development Codes. Any residence constructed pursuant to this Contract shall be constructed in accordance with all applicable land development, zoning, and building codes of the City of Urbana, Illinois, and with any and all covenants recorded for the subdivision in which Subject Properties is located. Homestead shall be responsible for obtaining and paying for all permits required under said codes.
9. House Design. Any residence constructed pursuant to this Contract shall be compatible in design and quality of construction with houses constructed within the Eads 1st Subdivision, Urbana, Illinois. Prior to issuance of any building permit by the Building Safety Division of the City of Urbana, Illinois, the Grants Management Division Manager of the Department of Community Development Services of the City of Urbana, Illinois, acting on behalf of the City, may request alterations to the proposed house design so as to comply with this Section.
10. Use of Subject Properties. The primary purpose of Homestead activities undertaken pursuant to this Contract shall be construction of a single-family residence for sale to a low-income household through Homestead's Homeownership Program on each of the individual tracts of land as identified in Section 1. Homestead shall ensure a safe working environment for construction at all times.
11. Limitation on Subsequent Sale of Subject Properties. Any residence constructed by Homestead on Subject Properties pursuant to this Contract must subsequently be sold by Homestead only to a family having income at or below 80 percent of median family income for Champaign County based on household size. Applicable income limits are those certified by the Grants Management Division Manager of the Department of Community Development Services of the City of Urbana, Illinois, acting on behalf of the City, to be in effect at the time Homestead accepts a household into its Homeownership Program. Homestead shall keep record of compliance with this Section on file for inspection by representatives of the City and the U.S. Department of Housing and Urban Development.

To the extent allowable by law, the deed transferring title in Subject Properties from Homestead to the initial purchaser shall include a provision restricting subsequent sales of Subject Properties to households having income at or below 80 percent of median family income for a period of five (5) or ten (10) years from the date of the deed transferring title from Homestead, depending upon the amount of homebuyer assistance provided the homebuyer. Said deed restriction shall not apply in the event of possession by a financial institution as a result of foreclosure proceedings.

12. Properties Maintenance. Homestead agrees to keep Subject Properties properly mowed and free of excess vegetation and debris at all times. Homestead shall neither suffer nor commit any waste on or to Subject Properties. Homestead agrees to promptly respond to any notices received from the City of Urbana, Illinois, with regard to violation of the City's nuisance codes and to promptly correct any violation cited by said City.

Homestead shall promptly pay all bills or charges incurred for materials, services, labor, or other like items which may create encumbrances against Subject Properties.

13. Construction Schedule. Homestead agrees to construct a single-family residence on Subject Properties such that a Certificate of Occupancy is issued for the newly constructed residence by the Urbana Building Safety Division on or before March 31, 2004, or on or before the date established in any modification to this Contract.
14. Storage of Building Materials. Building materials needed to construct any residence pursuant to this Contract shall be stored within property lines and shall not be placed in the public right-of-way.
15. City Held Harmless. Homestead agrees to indemnify and hold the City, its officers, agents, and employees, harmless for any liability or damages of any nature or kind concerning undertaking of any activity pursuant to this Contract, including reasonable attorneys' fees incurred in defending against any such claim.
16. Assignment. Homestead shall not assign this Contract without prior written consent of the City to such assignment; provided, however, that the City shall not unreasonably withhold such consent and further provided that no such assignment shall act as a discharge or release of Homestead's liability under this Contract.
17. Possession. City shall deliver possession of Subject Properties to Homestead concurrently with closing of this transaction to be held on or before March 31, 2003.
18. Default. If Homestead fails to perform any obligation imposed upon it by this Contract, the City may serve written notice of default upon Homestead and if such default is not corrected within ten (10) days thereafter, this Contract shall terminate. In the event of failure of the City to perform obligations imposed upon it by this Contract, Homestead may terminate this Contract upon similar notice served upon the City and similar expiration of time period. The foregoing remedies in the event of default are not intended to be exclusive, and the parties shall have the right to all other lawful remedies, including specific performance. Default by the City or Homestead shall entitle the non-defaulting party to claim as damages all reasonable costs, attorneys' fees, and expenses in connection with enforcement of this Contract.
19. Notices. Any notice required under this Contract to be served upon the City or Homestead shall be personally delivered, or shall be mailed by certified mail to such parties at the address shown herein following their signatures, or at such other place as the parties may from time to time designate in writing.
20. Modification. No modification or extension of this Contract shall be effective unless in writing and executed by the parties hereto.

21. Terms Binding. All terms of this Contract shall be binding upon the heirs, legatees, devisees, representatives, and assignees of the parties.
22. Insurance. Upon issuance of a building permit for construction of a single-family residence on Subject Properties, Homestead shall provide and shall keep in force during the remainder of the term of this Contract a policy of builder's risk insurance, including fire and extended coverage and vandalism and malicious mischief coverage, in an amount not less than the anticipated market value of the completed residence. This policy shall contain a provision that no termination of coverage or change of policy shall be effective without first giving ten (10) days advance written notice to the City.

Upon closing of this transaction and for the duration of this Contract, Homestead shall provide and maintain general liability insurance in the minimum amount of \$100,000 naming the City as an additional insured thereunder. The original of each insurance policy shall be deposited with the Escrow Agent. Copies of the policies shall be issued to the City upon request.

IN WITNESS WHEREOF, the parties have executed this Contract as of the day and year first above written.

SELLER:

City of Urbana, Illinois
400 South Vine Street
Urbana, Illinois 61801

BY: _____
Tod Satterthwaite, Mayor

ATTEST: _____
Phyllis D. Clark, City Clerk

BUYER:

Homestead Corporation of C-U
306 West Griggs Street
Urbana, Illinois 61801

BY: _____

ATTEST: _____