



DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

Grants Management Division

m e m o r a n d u m

TO: Mayor Laurel Lunt Prussing

FROM: Elizabeth H. Tyler, FAICP, Director, Community Development Services

DATE: September 1, 2011

SUBJECT: AN ORDINANCE AUTHORIZING THE PURCHASE OF CERTAIN REAL ESTATE (1007 North Berkley Avenue).

Description

Included on the agenda of the September 6, 2011 meeting of the Urbana City Council is an Ordinance authorizing the purchase of the vacant property located at 1007 North Berkley Avenue, Urbana. If approved, the City will attempt to purchase the property at a Champaign County Sheriff's auction for future use in the development of affordable housing.

Issues

The issue is whether the Urbana City Council should approve the Ordinance.

Background

In 2004, the house at 1007 North Berkley, Urbana was severely damaged by fire and was uninsured. As a result of the fire, the house was beyond repair, was subsequently condemned and the City ordered it to be demolished. Because the owner did not have finances to demolish the building, the owner and mortgage holder consented to a court ordered demolition by the City. Upon completion of the demolition, the City placed a lien on the property for the cost of the demolition which totaled \$8,100. Over time, the City has incurred significant additional costs for mowing the abandoned lot as a result of numerous nuisance citations, for which additional liens have been filed on the property.

Foreclosure on the City liens was instituted recently because it was evident that the property would remain abandoned and the City would continue to incur costs to mitigate nuisances on the lot. Foreclosure on the liens was the only way to gain clear title since the deed is still in the original owner's name and the bank mortgage remains on the property.

The City has completed the foreclosure process, and the next step is for the Sheriff's public sale of the property to the highest bidder on September 9, 2011. The total the City has expended on this property to date is \$19,174, including attorney's fees and associated foreclosure costs. The

City expects to incur approximately \$610 in additional expenses related to the Sheriff's sale. The amount of the City's bid would not exceed \$21,000. If there is a higher bid, the City would recoup its costs and the high bidder would gain clear title to the property.

If the City is the successful bidder, the property would be utilized for development of affordable housing similar to other lots acquired through the Lot Acquisition Program utilizing CDBG funds. The program allows for the City purchase and maintenance of properties primarily in Census Tracts 53, 54, 55, and 56 Block Group 1 (City Target areas). Properties acquired through this program may be utilized as follows:

- Donation to non-profit housing developers to build affordable housing.
- City sponsored rehabilitation and re-sale to qualified homebuyers.
- Donation to other organizations to support CDBG-eligible programs.

The subject property, located at 1007 North Berkley is 50.75 feet by 129.75 feet with a one and one-half car garage that is still on the site and in need of repairs. If the City purchases the property, the lot would be made available for future affordable housing development. Garage repairs could be made by the subsequent owner.

Authorizing the purchase of this property would eliminate future City expense for nuisance abatement and would make a lot available for future affordable housing development. If the City is not high bidder, expenses incurred by the City on this property would be recovered.

Options

1. Approve the Ordinance Authorizing the Purchase of Certain Real Estate (1007 North Berkley)
2. Approve the Ordinance with amendments.
3. Do not approve the Ordinance.

Fiscal Impacts

There would be no negative fiscal impacts to the City budget because the bid amount would be equal to the amount the City has already expended on the property for demolition, nuisance abatement and legal fees, and the City may apply these expenses to offset the amount of its bid. If there is a higher bidder, the City would recover its expenses. In addition, the proposed purchase and subsequent sale of the property would avoid the cost of continued nuisance abatement at the property.

Recommendations

Staff recommends that the Urbana City Council approve the Ordinance authorizing the purchase of the property for the future development of affordable housing.

Attachment

1. AN ORDINANCE AUTHORIZING THE PURCHASE OF CERTAIN REAL ESTATE (1007 North Berkley).

ORDINANCE NO. 2011-09-106

AN ORDINANCE AUTHORIZING THE PURCHASE OF CERTAIN REAL ESTATE

(1007 North Berkley Avenue)

WHEREAS, Urbana City Code Section 2-118, Subsection (d), provides that the City may purchase real estate for any corporate purposes found and declared by the City Council, and that the City Council may authorize the purchase thereof under any terms and any conditions by ordinance duly passed; and

WHEREAS, the City Council desires to purchase the real estate commonly known as 1007 North Berkley Avenue to support the City of Urbana's affordable housing projects that benefit households below 80 percent of median family income; and

WHEREAS, the City Council expressly finds and declares that said real estate is needed for governmental purposes of the City of Urbana.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Urbana, Champaign County, Illinois, as follows:

Section 1.

The purchase of the real estate commonly known as 1007 North Berkley Avenue in Urbana, Illinois, and legally described below, for a sum not to exceed \$21,000, plus ordinary sheriff's sale expenses, is hereby approved:

Tract 1:

Lot 16 in Urbana Heights Addition to the City of Urbana, as per Plat recorded in Plat Book "C" at Page 36, situated in Champaign County, Illinois;

Tract 2:

The East Half of the Alley lying West and adjacent to Lot 16 in Urbana Heights Addition to the City of Urbana, as per Plat recorded in Plat Book "C" at Page 36, situated in Champaign County, Illinois, as vacated by Ordinance - recorded November 22, 1923 in Miscellaneous Record 17 at Page 273.

Permanent Parcel Number 91-21-08-255-008

Section 2.

The Community Development Director, or her designee, be and hereby is authorized to perform all acts necessary on behalf of the City of Urbana to effectuate the purchase of the real estate.

PASSED BY THE CITY COUNCIL this ____ day of _____, _____.

AYES:

NAYS:

ABSENT:

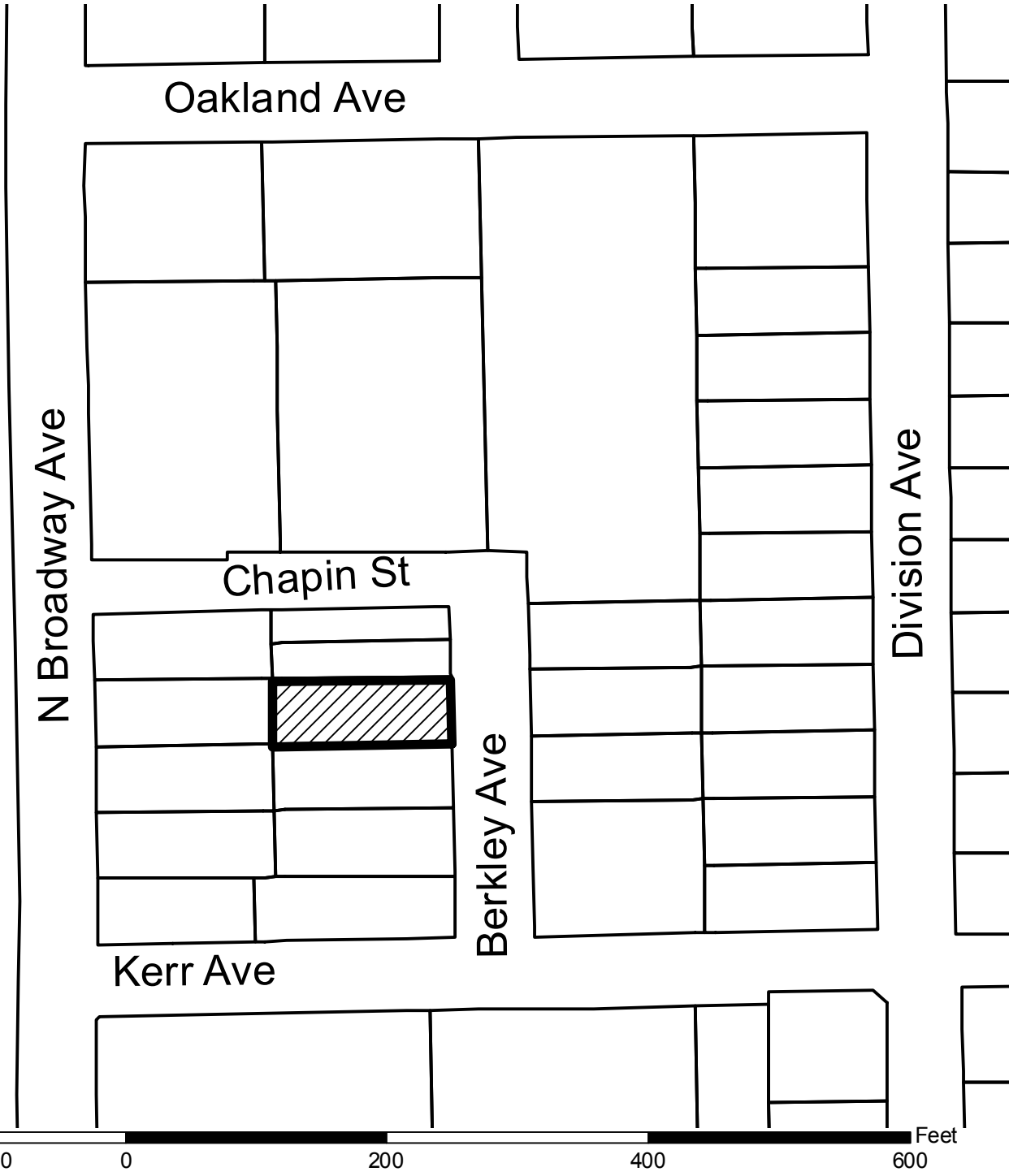
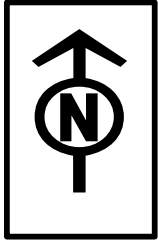
ABSTAINED:

Phyllis D. Clark, City Clerk

APPROVED BY THE MAYOR this ____ day of _____, _____.

Laurel Lunt Prussing, Mayor

1007 Berkley Location Map



 Subject Property