



## DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

*Economic Development Division*

### **m e m o r a n d u m**

**TO:** Laurel Lunt Prussing, Mayor

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

**DATE:** August 8, 2013

**SUBJECT:** **A motion providing direction that upon being granted an easement from Allen Strong on 115 and 119 North Race Street, the City will release its demolition lien on the two parcels (Former Denny's Cleaners)**

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#### **Summary**

The City has been approached by Janson Investment Company and Allen Strong related to a possible release of an existing City demolition lien to facilitate the purchase of 115 and 119 North Race Street. These parcels are two of the five parcels that make up the site that was formerly a Denny's Dry Cleaners and attached apartment building (Exhibit A Aerial Map). In 2011, because of unsafe conditions, the City demolished the building on the site. Following the demolition, the City placed a lien on five parcels, including 111, 113, 115, 117, and 119 North Race Street, for the cost of the demolition, which came to \$204,100.

Janson Investment Company is currently engaged in a tax lien process to gain control of 115 and 119 North Race Street. Assuming they will successfully gain control of the property, Janson Investment Company is negotiating the sale of the two parcels to Allen Strong, who owns the adjacent property to the south. Mr. Strong plans to use the parcels for surface parking for customers of the Courier Café and outdoor special events associated with the Courier Café. He also proposes to beautify the area and install a mural on the north side of the Courier Café building. Both Janson Investment Company and Allen Strong have approached the City asking that the demolition lien be removed from 115 and 119 North Race Street to facilitate the sale of the property. The City lien would remain in effect on 111, 113, and 117 North Race Street.

#### **Background**

111, 113, 115, 117, and 119 North Race Street were for many years operated as a Denny's Dry Cleaners with an attached apartment building. In 2007, the City secured an option to purchase the site from the then owner, Paul Lincicome. The City then issued an RFP to facilitate a private redevelopment on the site. A proposal from JSM Development was selected as part of that RFP, and JSM moved forward with due diligence on the project. As a result of that due diligence, it was discovered that there was environmental contamination on the site. JSM put the project on

hold while the City engaged in extensive environmental investigation.

The results of the environmental investigation indicated that full redevelopment of the property would be cost prohibitive due to the presence of dry cleaning solvents. For this reason, the City did not pursue its option to purchase the property.

The presence of environmental contamination not only prevented redevelopment of the site, but it also complicated re-use of the existing building. The building remained vacant and continued to deteriorate until August 2010. At that time, loose bricks prompted the City to hire a structural engineer to evaluate the exterior of the building. The structural engineer determined that the deterioration of the brick structure posed a danger to the public and neighboring properties. With the passing of Paul Lincicome in 2009, the City had been working with representatives of the Lincicome family related to the property. Due to the danger to public safety, the City met with representatives of the estate and ordered the building demolished. Representatives of the estate indicated that they did not have the resources to complete the demolition, though they did consent to the demolition and placement of a lien on the property. The City then initiated legal proceedings to allow the City and its contractors to demolish the building.

Concurrent with those legal proceedings, the City worked with consultants to prepare for the demolition, which was complicated by the presence of environmental contamination. The goal of the demolition was to remove the existing building while not exacerbating the contamination. As part of the effort to contain the existing contamination, a portion of the property was paved with asphalt to prevent water infiltration. The total cost of the demolition was approximately \$204,000 and was completely funded by Tax Increment Finance District 2 (TIF 2).

Following the demolition, Allen Strong, the owner of the Courier Café to the south of the demolished building, recognized the possible use of the asphalt surface as a parking lot for Courier Café customers. Mr. Strong secured an agreement with the property owners to use the asphalt portion of the property for customer parking while maintaining the grassy area of the property.

## **Discussion**

In May 2013, a local investment group called Janson Investment Company informed the City that they were in the process of acquiring a tax lien for unpaid taxes on two (115 and 119 North Race Street) of the five parcels. Janson Investment Company also indicated that they were in contact with Allen Strong to see if he was interested in purchasing the property. Mr. Strong has expressed strong interest in acquiring the property. However, in order to make the transaction feasible, the City must release its lien on the two parcels.

In discussing the possible release of lien, Mr. Strong has laid out his plans for the property. Mr. Strong would like to continue to use the property for Courier Café customer parking. In addition, he would like to use the lot for music, arts, and food-related special events, including fish boils, a beer garden, and periodic outdoor seating. He also would like to install a mural celebrating local history on the north side of the Courier Café building. Upon acquisition, Mr. Strong would also

be responsible for maintenance, landscaping, and paying taxes on the property. Finally, as part of his acquisition, Mr. Strong is willing to grant the City an easement along the west side of the property to facilitate a future phase of the Boneyard Beautification project.

The Courier Café and Silvercreek Restaurant (both owned by Mr. Strong) are important businesses in downtown. The combined employment for both restaurants is approximately 100 employees (50 at Courier Café and 50 at Silver Creek) with a combined payroll of \$1.6 million dollars annually. The Courier Café is also the oldest continuously operating restaurant in Champaign County. By releasing its lien and facilitating Mr. Strong's plans outlined above, the City is promoting activity in the area, strengthening two successful downtown businesses, and enabling a local, responsible property owner to take on maintenance of the property.

In order to protect the City, the release of lien will be carefully coordinated with Janson Investment Company and Mr. Strong. First, Janson Investment Company will need to secure control of the two parcels. Then, Janson Investment Company will have to transfer the property to Mr. Strong. Finally, Mr. Strong will have to grant the City an easement on the property. After all of those things have happened, The City will then release its lien on 115 and 119 North Race Street. The lien will remain in effect on 111, 113, and 117 North Race Street.

### **Financial Impacts**

By releasing its lien on 115 and 119 North Race Street, the City is promoting more active use of the property, including special events and public art. The City is also facilitating the transfer of the property to a responsible property owner committed to maintenance and paying taxes on the property. The \$204,100 demolition lien, originally funded by TIF 2, will remain on the parcels still owned by the Lincicome family at 111, 113, 117 North Race Street. The City will also be granted an easement to facilitate future Boneyard Beautification efforts.

### **Options**

1. Approve a motion providing direction that upon being granted an easement from Allen Strong on 115 and 119 North Race Street, the City will release its demolition lien on the two parcels.
2. Approve a motion providing direction to not move forward with a release of lien.

### **Recommendation**

In order to facilitate more active use of the property, promote improved activity in the downtown, and allow for better maintenance of the area, staff is recommending that City Council approve a motion giving direction to move forward with the release of lien on 115 and 119 North Race Street.

Prepared by:

*Tom Carrino*

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Tom Carrino, Economic Development Manager

cc: Allen Strong

Attachments:

Exhibit A: Aerial Map

Exhibit A

119 N. Race St  
PIN: 91-21-08-453-015  
Dennis Lincicome

117 N. Race St  
PIN: 91-21-08-453-007  
Dennis Lincicome

115 N. Race St  
PIN: 91-21-08-453-008  
Dennis Lincicome

113 N. Race St  
PIN: 91-21-08-453-009  
Dennis Lincicome

111 N. Race St  
PIN: 91-21-08-453-010  
Dennis Lincicome

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