



**DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES**

*Building Safety Division*

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

**TO:** Mayor Diane Wolfe Marlin and City Council Members

**FROM:** John A. Schneider, MPA, Community Development Director  
Nick Hanson, Housing Inspector

**DATE:** February 25, 2019

**SUBJECT:** **An Ordinance Authorizing the Sale of Certain Real Estate (917 N. Linview)**

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**Introduction**

The City acquired the property located at 917 N. Linview Ave by Judicial Deed in March of 2018. At this time, staff proposes that the property be sold at auction by the City at a minimum price of \$15,000 contingent upon the buyer obtaining a Certificate of Occupancy within 180 days of closing. The exhibited ordinance would authorize the Mayor to execute the attached purchase agreement with the successful bidder at auction and to subsequently close on the property within 30 days under the conditions described above and in the agreement (**Exhibit A: Draft Authorizing Ordinance with Attached Real Estate Transfer Agreement**).

**Background**

In 1995, as a result of the owner receiving Medicaid assistance for nursing home expenses, the Department of Public Aid placed a Medicaid Lien on the subject property for those expenses associated with the owner’s nursing home care. While the owner was in the nursing home, a family friend of the owner managed the property as a rental. The owner passed away in 1999. In 2015, the then tenant moved out of the property leaving it in severe disrepair. The property manager (family friend) contacted the City regarding the condition of the property. A City Housing Inspector met the property manager onsite and completed an inspection of the property. The property was in extreme disrepair and was declared “Not Approved for Occupancy.” The property manager decided due to the condition of the property and costs of repair they were no longer interested in taking care of the property

In September of 2015, staff contacted the Illinois Department of Health and Family Services (IDHFS) who stated that the only way to release a Medicaid Lien for zero dollars was for a municipality to acquire the property through a “demolition lien.” The property manager then reached out to Champaign County Habitat for Humanity attempting to donate the property to them. Responding to an inquiry regarding the proposed donation, IDHFS emailed stating the Public Aid Code prohibits a Medicaid Lien from being released for the conveyance of the property to a non-profit.

The Building Safety Division along with the Legal Division attempted to find family members to take possession of the property. However, with no success the City filed for a Judicial Deed of the property releasing all liens associated with the property.

## **Listing Price**

The City solicited and received informal offers requiring the property to be rehabbed and obtain a Certificate of Occupancy within 180 days, which ranged between \$15,000 and \$20,000. In order to ensure that the City receive the highest price for the property and that all prospective buyers are presented with the same terms, staff is recommending use of a public auction process with a minimum bid of \$15,000.

## **Proposed Real Estate Transfer Agreement**

The City Council is asked to consider acceptance of the proposed ordinance and transfer agreement that allows for sale at public auction at a minimum price of \$15,000. The highest responsible bidder would be required to close on the property within 30 days. Upon so doing, the buyer would have 180 days from the date of closing of the sale to complete the repairs and obtain a Certificate of Occupancy. During these 180 days, the City shall not enforce its life and safety codes against the building, unless it deteriorates to the extent that it becomes an imminent danger to the public. In the event the buyer fails to obtain a Certificate of Occupancy within 180 days, the City shall record a previously prepared warranty deed, immediately conveying the property back into the City's possession without any refund of the purchase price.

## **Current Zoning**

The property is currently zoned as R-2, Single-Family Residential

## **Fiscal Impact**

The proposed purchase agreement would be entered after the sale of the property to the highest bidder at public auction with a minimum purchase price of \$15,000. The City may also incur additional title and closing costs that are not expected to exceed \$1,300. Any proceeds from the transaction, would be deposited in the City's General Fund. Sale of the property and rehabilitation of the structure would return the property to the tax roll, yield a privately owned, rehabilitated property, and remove a blighting influence from the neighborhood.

## **Options**

1. Approve the draft-authorizing ordinance as presented.
2. Approve the draft-authorizing ordinance with changes.
3. Deny the draft-authorizing ordinance.

## **Recommendation**

The proposed sale of 917 N. Linview Avenue would result in the repair of a blighted structure and place the property back on the tax role.

Staff recommends that the City Council approve the attached draft-authorizing ordinance to advance the sale of 917 N. Linview Avenue at auction.

Exhibits: A: Draft Authorizing Ordinance with Attached Real Estate Transfer Agreement  
B: Property Location Map

**ORDINANCE NO. 2019-02-018**

**AN ORDINANCE AUTHORIZING THE SALE OF CERTAIN REAL ESTATE**

**(917 N. Linview Avenue)**

**WHEREAS**, Urbana City Code Section 2-118(a) provides that any real estate owned by the City of Urbana (“City”) may be sold in any manner prescribed by the City Council in an ordinance authorizing such sale; and

**WHEREAS**, the City owns certain real estate commonly known as 917 N. Linview Avenue; and

**WHEREAS**, the City desires to sell the real estate at public auction; and

**WHEREAS**, the City Council expressly finds and declares that the real estate is no longer needed for governmental purposes or proprietary activity of the City; and

**WHEREAS**, the City Council held a public hearing on the question of the sale at 7:00 p.m. on Monday, March 4, 2019, after due and proper notice of such public hearing having been given by publication in *The News-Gazette*, a newspaper having a general circulation within the City, on a date at least 15 days prior to the time of the public hearing; and

**WHEREAS**, the City Council, after due consideration, finds that the sale of the real estate by public auction, as herein provided, is in the best interests of the residents of the City and is desirable for the welfare of the City’s government and affairs.

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

**Section 1.**

The sale by public auction of the real estate commonly known as 917 N. Linview Avenue in Urbana, Illinois, and legally described below, subject to a minimum bid price of \$15,000, and substantially on

such other terms as contained in the Notice of Public Sale of Real Property and the Real Estate Transfer Agreement attached hereto and incorporated herein, is hereby authorized and approved:

Tract 1:

Lot 21 in Block 2 of Linview Third Subdivision of a part of the Southwest Quarter of the Northwest Quarter of Section 8, Township 19 North, Range 9 East of the Third Principal Meridian, as per Plat recorded September 29, 1954 as Document Number 531661 in Plat Book "K" at Page 132, situated in Champaign County, Illinois.

Permanent Index No.: 91-21-08-151-029

**Section 2.**

The Mayor of the City of Urbana, Illinois, be and the same is hereby authorized to execute and deliver a Real Estate Transfer Agreement, in substantially the form of the copy of the Real Estate Transfer Agreement attached hereto and hereby incorporated by reference, and all other documents required to be delivered in connection with the transaction contemplated herein, and the City Clerk of the City of Urbana, Illinois, be and the same is hereby authorized to attest to the execution of the documents, as so authorized and approved for and on behalf of the City of Urbana, Illinois.

**Section 3.**

The Mayor of the City of Urbana, Illinois, or her designee, be and hereby is authorized to perform all acts necessary on behalf of the City of Urbana to effectuate the sale of the real estate.

**Section 4.**

This Ordinance shall not be construed to affect any suit or proceeding pending in any court, or any rights acquired, or a liability incurred, or any cause or causes of action acquired or existing prior to the effective date of this Ordinance; nor shall any right or remedy of any character be lost, impaired, or affected by this Ordinance.

**Section 5.**

This Ordinance shall be in full force and effect from and after its passage.

This Ordinance is hereby passed by the affirmative vote, the “ayes” and “nays” being called, of three-fourths of all the alderpersons then holding office and the Mayor (6 of 8 votes) of the City of Urbana, Illinois, at a meeting of the City Council.

**PASSED BY THE CITY COUNCIL** this \_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

AYES:

NAYS:

ABSTENTIONS:

\_\_\_\_\_  
Charles A. Smyth, City Clerk

**APPROVED BY THE MAYOR** this \_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Diane Wolfe Marlin, Mayor

## REAL ESTATE TRANSFER AGREEMENT

This agreement is made between the undersigned buyer (the "Buyer"), and the City of Urbana, Illinois (the "Seller"), and is effective on the last date signed by a party hereto. The parties agree as follows:

1. **Premises.** The Seller shall sell, and the Buyer shall purchase, the real estate (the "Premises") located at 917 N. Linview Avenue, Urbana, Illinois 61801, and having a permanent index number of 91-21-08-151-029. The legal description is attached as Exhibit A.
2. **Purchase price.** The purchase price is \$\_\_\_\_\_, minus credits and prorations, and is due and payable in cash or by check at the closing.
3. **Condition of Premises.** Except as provided in section 8, the Buyer accepts the Premises in its "as-is" condition, and the Seller disclaims all warranties express or implied as to the condition of the Premises.
4. **Deeds.** The Seller shall convey the Premises to the Buyer by a good and sufficient Special Warranty Deed, subject only to those exceptions listed in section 5(B). At the time of closing of this transaction, the Buyer shall execute a Special Warranty Deed that conveys said Property back to the Seller. The Seller shall place this Special Warranty Deed in escrow with the Seller's Community Development Services Department ("Escrow Agent"). If the Buyer obtains a Certificate of Occupancy as required by section 12, the Escrow Agent shall deliver the Special Warranty Deed to the Buyer. If the Buyer does not obtain a Certificate of Occupancy as required by section 12, or as provided in any modification to this agreement, the Escrow Agent may record the Special Warranty Deed in the Champaign County Office of the Recorder of Deeds.
5. **Title.**
  - A. Within a reasonable time before closing, as evidence of title, the Seller shall deliver to the Buyer a copy of the title insurance policy issued to the Seller in connection with its acquisition of the Premises. The Seller represents that it has done nothing to encumber the Premises since its acquisition of the Premises.
  - B. At closing, the Seller shall provide good and merchantable title, subject only to general real estate taxes not due and payable at the time of closing, liens of special assessments, zoning laws and building ordinances, easements apparent or of record that do not underlie the improvements, covenants, conditions, encumbrances, and restrictions of record that do not restrict reasonable use of the Premises, and the Certificate of Occupancy requirement contained in section 12. The Seller also shall execute and deliver to the Buyer any affidavit, statement, or other document normally required by the title insurance company as a condition for issuance of the title insurance policy provided for above.
  - C. If title evidence discloses exceptions other than those permitted, the Buyer shall give written notice of such exceptions to the Seller within a reasonable time. The Seller will have a reasonable time to have such title exceptions removed, or, any such exception that may be removed by the payment of money may be cured by deduction

from the purchase price at the time of closing. If the Seller is unable to cure such exception, the Buyer may terminate this agreement or take the title as it then is with the right to deduct from the purchase price liens or encumbrances of a definite or ascertainable amount upon giving the Seller notice of such election and tendering performance on the Buyer's part.

6. **Taxes and assessments.** The Premises are exempt from payment of real estate taxes in accordance with 35 ILCS 200/15-75, and, thus, there is no need for provision of real estate tax payment. The Seller represents to the Buyer that no bills for utilities or other taxes associated with the Buyer's possession and use of the Premises will be outstanding and not fully satisfied at the time of closing.

7. **Closing; possession.** The parties shall hold the closing no later than 30 days after the effective date of this agreement. The closing will take place at the Urbana City Building, 400 S. Vine Street, Urbana, Illinois, 61801, or at such other place as the parties may agree. The Seller shall deliver possession of the Premises to the Buyer concurrently with the closing of this transaction.

8. **Environmental disclosure.** The Seller has disclosed to the Buyer any and all information known to the Seller of any environmental condition that may affect the marketability or usability of the Premises. If the Buyer becomes aware of the existence of any environmental concern or violation of any environmental law or regulation not previously disclosed at any time prior to closing that affects either the value of the Premises or its use for a commercial or residential purpose, the Buyer may terminate this agreement by written notice to the Seller.

9. **Other disclosures.** If applicable, prior to signing this agreement, the Buyer has received a completed Illinois Residential Real Property Disclosure Report, the EPA Pamphlet, "Protect Your Family From Lead in Your Home," a Lead-Based Paint Disclosure, and a Radon Disclosure and Pamphlet.

10. **Entire agreement.** This agreement constitutes the entire agreement between the parties, supersedes all other agreements or understandings between them pertaining to the matter of this agreement, and may not be modified except by a writing signed by both parties. The exhibit to this agreement is incorporated herein by this reference thereto.

11. **Notices.** Except where the terms of this agreement expressly provide otherwise, the parties shall give all notices required or permitted by this agreement in writing, addressed as set forth below, unless another address is provided in writing. Notices will be deemed given when personally delivered; deposited in the U.S. mail, postage prepaid, first class; or delivered to a commercial courier.

Buyer

Seller

Economic Development Manager  
City of Urbana  
400 S. Vine Street  
Urbana, Illinois 61801

12. **Certificate of Occupancy.** The single-family residence located on the premises is unsafe and dangerous, has unsafe equipment, and is unfit for human occupancy. The Buyer shall bring



the property into Code compliance and obtain a Certificate of Occupancy from the City no more than one hundred eighty (180) days after the closing of this transaction. During such time, the Seller shall not take enforcement action against the Buyer for any life and safety code violations on the Premises, unless the condition of the Premises so deteriorates that it becomes an imminent danger to the public. This section will survive the closing and will not merge with the deed.

13. **Survival of agreement.** All of the covenants, warranties, representations, and agreements contained in this agreement that were not performed at the time of the closing will survive such closing for one year and will not merge with the deed. A party that violates any such covenants, warranties, representations, or agreements shall indemnify and defend the other party against all claims, liability, or damage, including without limitation reasonable attorney's fees and costs, arising from such violation, and such obligation will not merge with the deed.

[Signature page follows]

The parties are signing this agreement on the dates indicated opposite their signatures.

**Buyer:**

\_\_\_\_\_  
Name

\_\_\_\_\_  
Dated

\_\_\_\_\_  
Name

\_\_\_\_\_  
Dated

**Seller:**

By: \_\_\_\_\_  
Diane Wolfe Marlin  
Mayor

\_\_\_\_\_  
Dated

**ATTEST:**

\_\_\_\_\_  
Charles A. Smyth  
City Clerk  
Ordinance No. 2019-

Exhibit A:        Legal Description

Exhibit A  
Legal Description

Tract 1:

Lot 21 in Block 2 of Linview Third Subdivision of a part of the Southwest Quarter of the Northwest Quarter of Section 8, Township 19 North, Range 9 East of the Third Principal Meridian, as per Plat recorded September 29, 1954 as Document Number 531661 in Plat Book "K" at Page 132, situated in Champaign County, Illinois.

## Notice of Public Sale of Real Property

Notice is hereby given that on \_\_\_\_\_, 2019 the City of Urbana, Illinois ("City") will sell at public sale by auction, which auction shall be conducted in accordance with the procedures described herein, at \_\_\_\_\_ o'clock in the City Council Chambers of the Urbana City Building, 400 South Vine Street, Urbana, Illinois, the following described property ("Property"):

Property Address: 917 N. Linview Avenue, Urbana, Illinois

Property Index No: 91-21-08-151-029

Information relating to the Property and the auction procedures may be obtained at the City of Urbana Community Development Services Department at 400 South Vine Street, Urbana, Illinois, between 8:00 a.m. and 5:00 p.m., Monday through Friday, or on the City of Urbana's website at [www.urbanaininois.us](http://www.urbanaininois.us)

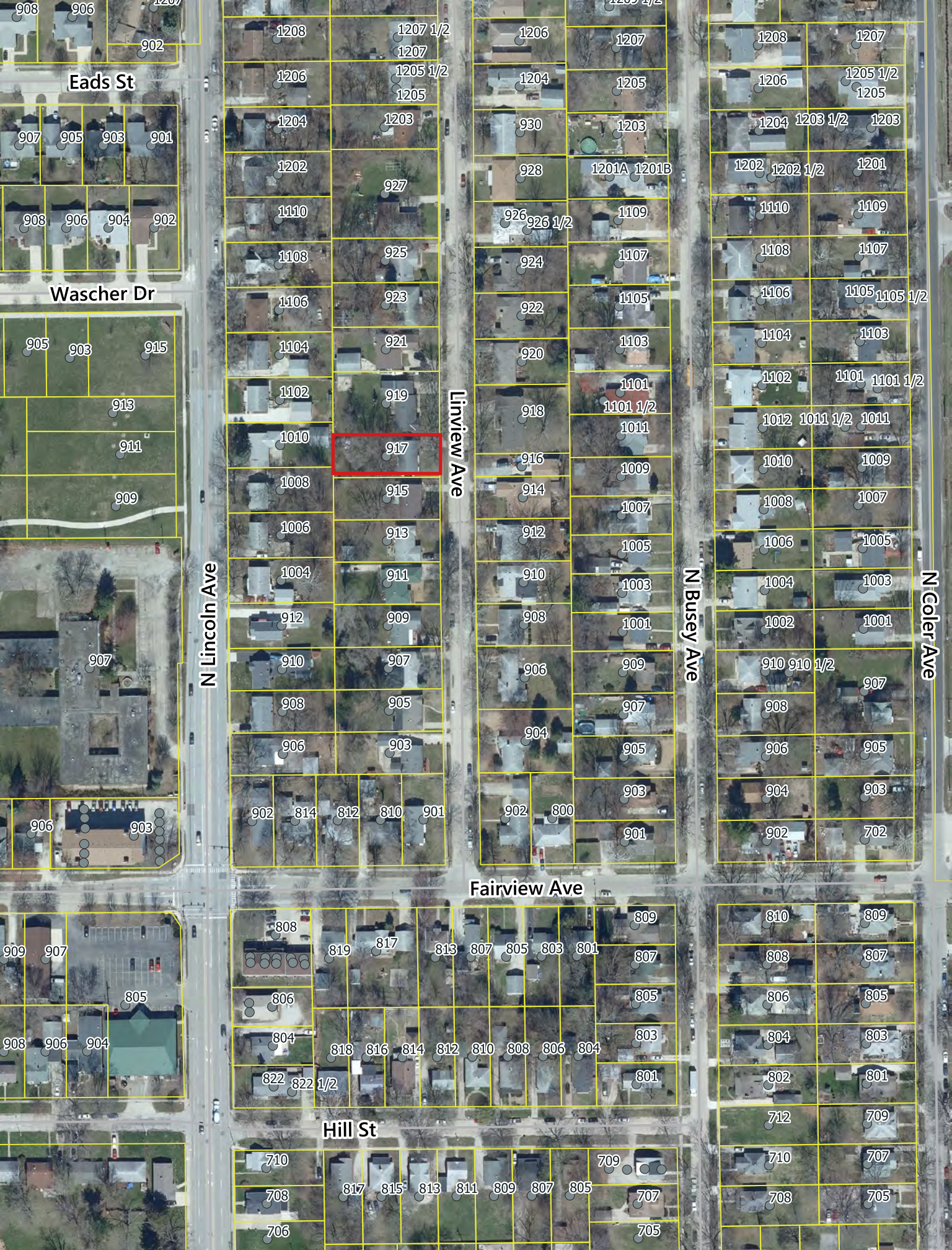
Said sale by auction will be made on the following terms:

1. The Property is to be offered for sale at a public sale by auction to the highest responsible and qualified bidder.
2. The Property will be sold "as is" by Special Warranty Deed, legal description on the City's title to govern. The City makes no representations or warranties with respect to the condition or use of said Property or compliance with environmental laws and regulations. The purchaser will be solely responsible for determining the applicability of any laws, local ordinance, or other regulations that may impact the Property and/or the purchaser's contemplated use thereof. The Property is being sold subject to all rights of the public and easements, covenants, and restrictions shown or not shown by public record.
3. By submitting a bid at auction, a bidder accepts the terms of the sale as contained herein and in the City of Urbana's Ordinance No. \_\_\_\_\_ dated \_\_\_\_\_, 2019, incorporated herein by this reference as if set out in full, expressly including the terms and provisions of this Notice and the Real Estate Transfer Agreement attached to said Ordinance. Copies of said Ordinance and Real Estate Transfer Agreement are available by contacting Housing Inspector Nick Hanson, during regular business hours at the City of Urbana Community Development Services Department.
4. Submission of a bid at auction will serve as that bidder's acknowledgement that: (a) it has received any and all requested or otherwise required property disclosures prior to the date of bid submission; (b) it was afforded opportunities to inspect the Property and records relating to its condition before the date of bid submission; (c) it has availed itself, to its satisfaction, of the right to inspect the Property and records relating to its condition prior to the date of bid submission; (d) it is satisfied with the Property's condition and is taking the Property in **AS-IS condition**; and (e) it is prepared to accept and comply with the terms of sale as contained herein and in the aforementioned Real Estate Transfer Agreement including, but not limited to, the requirement that the successful bidder **obtain a Certificate of Occupancy from the City of Urbana no more than one hundred eighty (180) days after the closing.**
5. Records relating to the Property's condition, including any and all environmental contaminants known and/or believed to have been located on the Property in the past or currently (if any), are available for inspection and/or copying by contacting Housing Inspector Nick Hanson, during regular business hours at the City's Community Development Services Department.

6. Questions regarding the zoning for the Property should be addressed to the City's Planning Manager during regular business hours at the City's Community Development Services Department.
7. The City will not be responsible for paying the fees or commission of any bidder's real estate broker or representative.
8. The City reserves the right to reject any or all bids tendered, to waive irregularities, or to cancel or reschedule the bid submission deadline and/or auction.
9. Upon presentation by the City, the highest bidder shall immediately execute the Real Estate Transfer Agreement with the City subject to the terms and conditions as set forth in the City of Urbana's Ordinance No. \_\_\_\_\_ dated \_\_\_\_\_, 2019, and this Notice of Public Sale.
10. The closing date on any resulting sale will occur no more than 30 days after the effective date of the aforementioned Real Estate Transfer Agreement. If the successful bidder fails to close or pay the balance due upon closing, the Bid Deposit paid will be forfeited and retained by City, and the City may resell the Property. Possession will be delivered at the closing.
11. As set forth in the aforementioned Real Estate Transfer Agreement, at the closing, the successful bidder shall execute a Special Warranty Deed that conveys the Property back to the City. The City shall place this Special Warranty Deed in escrow with the City's Community Development Services Department. The City shall deliver the Special Warranty Deed back to the successful bidder if it **obtains a Certificate of Occupancy for the Property from the City no more than one hundred eighty (180) days after the closing.** Otherwise, the City may record the Special Warranty Deed in the Champaign County Office of the Recorder of Deeds.
12. The City may request assurances and proof satisfactory to the City of the bidder's ability to purchase the property. Failure of the bidder to produce same, to City's satisfaction as measured solely by the City, will permit the City to terminate the sale to said bidder.
13. The Property will be available for inspection, upon the City's receipt of reasonable written request, prior to the public auction.
14. The City has established a minimum and reserve sales price of **FIFTEEN THOUSAND AND NO/100 DOLLARS (\$15,000.00)**. Any auction bid at an amount lower than that minimum sales price will be disqualified and rejected.
15. Upon notification that a bidder was the high bidder at auction, that bidder shall tender to the City a "Bid Deposit" which will be a check in the amount of five percent (5.0%) of said bidder's successful bid amount. The successful bidder's Bid Deposit will be credited to the sale price or otherwise retained by the City as set forth in this Notice.

Approved by:  
 Urbana City Council  
 City of Urbana, Illinois  
 Ordinance No. \_\_\_\_\_  
 Date: \_\_\_\_\_





Eads St

Wascher Dr

Fairview Ave

Hill St

N Lincoln Ave

Linview Ave

N Bussey Ave

N Coler Ave

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