



DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES
ADMINISTRATION AND PLANNING DIVISION
MEMORANDUM

TO: Bruce K. Walden, Chief Administrative Officer
FROM: Bruce K. Walden, Acting Community Development Director
DATE: August 1, 2001
RE: Champaign County Property Auction

Brief Description of the Issue(s)

Included on the August 6 Urbana City Council agenda is the proposed acquisition through the Community Development Block Grant/HOME programs of properties located at 1405 ½ West Beslin Avenue and 1209 West Beech Street. The property located at 1209 West Beech Street would be donated to the Illinois Center for Citizen Involvement pending final acquisition.

Identification of the Issue(s) and Any Approvals Required

The first issue before the Council is whether to purchase the properties. The second issue is whether to donate the property located at 1209 West Beech Street to the Illinois Center for Citizen Involvement. City Council authorization is necessary for the city to acquire and dispose of property. Both issues require the affirmative vote of a majority of seated councilpersons.

Background/Facts

In order to collect past due property taxes, the Champaign County Collector has taken possession of several parcels of real estate; several of which are within the City of Urbana. Champaign County will be auctioning off these parcels on August 14, 2001 in order to collect the overdue taxes. According to the Champaign County Delinquent Tax Agent managing the auction, the City may purchase parcels before the auction begins. Each parcel would be sold for the fair market value of the property as determined by the Champaign County Assessor; usually the County's assessed value. The Tax Agent has agreed to a price of \$8,196 for both parcels. The Champaign County Board would make final approval of the sale.

At a later date, the Council will discuss entering into an agreement with the Illinois Center for Citizen Involvement for the construction of five homes in Urbana through the HomeBuild4 Program. As with previous HomeBuild agreements, an integral part of the program is the city's donation of land to the program. The acquisition of 1209 West Beech Street would partially fulfill that requirement. If the city chooses not to enter into the HomeBuild4 agreement, the property may be donated either to Habitat for Humanity of Champaign County or the Urbana School District's Construction Trades Program. Attached to this memorandum is an ordinance authorizing the sale (donation) of the parcel located at 1209 West Beech Street to the Illinois Center for Citizen Involvement along with the associated sales contract. The execution of this agreement would be contingent upon the successful acquisition of the property.

Due to its small size (33'x132'), the parcel located at 1405 ½ West Beslin Street would not be able to be built upon at this time. The City of Urbana would need to acquire the adjacent parcel, which is the same size. Combined, both lots would create one lot that would be large enough to be built upon. At that time, the City would donate both properties to a not-for-profit housing developer. Grants Management and Legal Division Staff are currently investigating the possible acquisition.

Fiscal Impact

The Champaign County Delinquent Tax Agent has agreed to sell both parcels to the City at a cost of \$8,196, which would include all administrative expenses and recording fees. Since both parcels are empty, no relocation benefits will need to be paid. The acquisitions will be financed with a combination of Community Development Block Grant and HOME funds, which have already been budgeted by Council. The transfer of 1209 West Beech Street would occur at no cost to ICfCI. The houses constructed on these sites would generate real estate taxes and are expected to have a positive effect on values of surrounding properties. Lawn care for 1405 ½ West Beech Street is estimated at \$10 per week and would be paid until the property is transferred.

Recommendation

At its July 24 meeting, the Community Development Commission recommended that City Council approve acquisition. Community Development Services staff also recommend City Council approval of the attached ordinance authorizing this purchase along with the ordinance authorizing the disposition of the 1207 West Beech Street to the Illinois Center for Citizen Involvement.

Prepared By: _____
Michael J. Loschen
Grants Coordinator II

- Attachments:
- (1) Site Map
 - (2) Purchase Contract between Champaign County and City of Urbana
 - (3) An Ordinance Authorizing the Purchase of Certain Real Estate (1405 ½ West Beslin Avenue and 1209 West Beech Street)
 - (4) An Ordinance Authorizing the Sale of Certain Real Estate (1209 West Beech Street)
 - (5) Contract for Sale of Real Estate between the City of Urbana and IcfCI

ORDINANCE NO. 2001-08-086

AN ORDINANCE AUTHORIZING THE SALE OF CERTAIN REAL ESTATE

(1209 WEST BEECH STREET)

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 1209 West Beech Street, which said property has 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.

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

Section 1. That the Contract for Sale of Real Estate by and between the City of Urbana, Illinois, and the Illinois Center for Citizen Involvement, a copy of which said Contract is attached hereto and incorporated herein by reference, be the same is hereby authorized and approved.

Section 2. That the Mayor of the City of Urbana, Illinois, be the same is hereby authorized to execute said Contract together with all other necessary deeds and documents required by such Contract for and on behalf of the City of Urbana, Illinois.

PASSED by the City Council this _____ day of _____, 2001.

AYES:

NAYS:

ABSTAINS:

Phyllis D. Clark, City Clerk

APPROVED by the Mayor this _____ day of _____, 2001.

Tod Satterthwaite, Mayor

CONTRACT FOR SALE OF REAL ESTATE

This Contract made and entered into this _____ day of _____, 2001 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 Illinois Center for Citizen Involvement, an Illinois not-for-profit corporation (hereinafter referred to as ICfCI 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 ICfCI agrees to buy, the following described parcel of real estate:

The East 16 ½ feet of Lot 6 and the West 33 feet of Lot 5 in Block 13 in Seminary Addition to Urbana, situated in Champaign County, Illinois;

PIN: 91-21-07-260-002;

more commonly known as 1209 West Beech Street, Urbana, Illinois (hereinafter referred to as "Subject Property").

2. Purchase Price. City agrees to convey title to Subject Property 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 ICfCI as evidence of title:

- a. A copy of a title insurance policy issued to the City in connection with acquisition of Subject Property by the City; the City warrants that it has done nothing to encumber Subject Property since its acquisition of Subject Property; 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 Property in ICfCI'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 property and which do not restrict reasonable use of the property.

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

The City shall have a reasonable time to cure any objections actually interfering with or impairing the merchantability of the title to Subject Property. If the City is unable to cure such objections and is unable to procure a title policy insuring over such objections, then ICfCI 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 Property to ICfCI 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 Property or any improvements thereon, shall vest in ICfCI until delivery of said Warranty Deed to ICfCI in the manner and under the conditions prescribed herein.

5. Escrow. At the time the City delivers a Warranty Deed to ICfCI to convey title in Subject Property to ICfCI, a Warranty Deed from ICfCI in favor of the City shall be placed in escrow with Busey Bank, Urbana, Illinois (hereinafter referred to as "Escrow Agent").

In the event that ICfCI causes construction of a single-family residence on Subject Property and ICfCI obtains a

certificate of occupancy for said residence from the Urbana Building Safety Division on or before July 31, 2002, or on or before the date established in any modification of this Contract, the Escrow Agent shall destroy said Warranty Deed and give ICfCI written assurance of such destruction.

In the Event that ICfCI has not started construction of a single-family residence on Subject Property as of July 31, 2002, 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 ICfCI has begun construction of a single-family residence on Subject Property as of July 31, 2002, 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 ICfCI, in care of the Escrow Agent, an amount equivalent to the value of improvements in place on Subject Property as of July 31, 2002, 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 Property, 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 ICfCI and the City by an architect licensed by the State of Illinois, doing business in Champaign County, Illinois and mutually acceptable to ICfCI and the City. The Escrow Agent shall deliver said payment to ICfCI 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 Property for 2001 payable in 2002 up to the date of possession. ICfCI shall pay all special assessments and real estate taxes assessed against Subject Property after the date of possession

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

7. Condition of Subject Property. ICfCI agrees to accept Subject Property in its "as-is" condition, and the City disclaims all warranties express or implied as to the condition of Subject Property.
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 Property is located. ICfCI 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 by ICfCI through the previous phases of their HomeBuild Program. Prior to issuance of any building permit by the Building Safety Division of the City of Urbana, Illinois, the Director 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 Property. The primary purpose of ICfCI activities undertaken pursuant to this Contract shall be construction of a single-family residence for sale to a low-income household through ICfCI's Homeownership Program. ICfCI shall ensure a safe working environment for construction at all times.
11. Limitation on Subsequent Sale of Subject Property. Any residence constructed by ICfCI on Subject Property pursuant to this Contract may subsequently be sold by ICfCI 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 Director 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 ICfCI accepts a household into its Homeownership Program. ICfCI 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 Property from ICfCI to the initial purchaser shall include a provision restricting subsequent sales of Subject Property to households having income at or below 80 percent of median family income for a period of ten (10) years from the date of the deed transferring title from ICfCI. Said deed restriction shall not apply in the event of possession by a financial institution as a result of foreclosure proceedings.

12. Property Maintenance. ICfCI agrees to keep Subject Property properly mowed and free of excess vegetation and debris at all times. ICfCI shall neither suffer nor commit any waste on or to Subject Property. ICfCI 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. ICfCI shall promptly pay all bills or charges incurred for materials, services, labor, or other like items which may create encumbrances against Subject Property.
13. Construction Schedule. ICfCI agrees to construct a single-family residence on Subject Property such that a Certificate of Occupancy is issued for the newly-constructed residence by the Urbana Building Safety Division on or before July 31, 2002, 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. ICfCI 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. ICfCI 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 ICfCI's liability under this Contract.

17. Possession. City shall deliver possession of Subject Property to ICfCI concurrently with closing of this transaction to be held on or before October 31, 2001.

18. Default. If ICfCI fails to perform any obligation imposed upon it by this Contract, the City may serve written notice of default upon ICfCI 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, ICfCI 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 ICfCI 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 ICfCI 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 Property, ICfCI 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, ICfCI 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
Citizen Involvement
400 South Vine Street
208
Urbana, Illinois 61801

BUYER:

Illinois Center for
44 Main Street, Suite
Champaign, Illinois 61820

BY: _____

Tod Satterthwaite, Mayor

BY:

ATTEST: _____

Phyllis D. Clark, City Clerk

ATTEST: