



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: December 3, 2002

**RE: Disposition of Surplus City-Owned Property for Housing Construction
(808 North Romine Street)**

Description

Included on the agenda for the December 9 meeting of the Urbana City Council Committee of the Whole, is the transfer (donation) of city-owned property located at 808 North Romine Street to Habitat for Humanity of Champaign and Piatt Counties (Habitat) for use in its housing construction program.

Issues

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

Background

In August 2001, City Council authorized purchase of 808 North Romine Street for use in a city-sponsored housing construction program. The property was purchased and cleared through the Community Development Block Grant Programs. The lot is located in the King School Neighborhood (see accompanying map). It is a legal, conforming lot because of its 66' x 132' dimensions and "R-2" zoning.

The City of Urbana has an ongoing relationship with Habitat involving construction by Habitat of single-family residences on lots acquired, cleared, improved and donated by the city. Since its inception the local Habitat chapter, along with its University of Illinois affiliate, have finished constructed thirteen homes in Urbana thus far in the King School, Woodland Park, and East Water Street neighborhoods. Habitat is currently constructing a home on Berkley Avenue and rehabbing a home on Kerr Avenue. Both of these homes are located in the North Broadway Neighborhood. Another home will be constructed in Spring 2003 at the corner of Goodwin and Beslin Avenues.

The proposed contract and ordinance that would convey the property to Habitat is included as an attachment to this memorandum. The contract is similar to the contract used by the city to transfer other lots to Habitat. At the time of closing, a warranty deed from the city to Habitat would be placed in escrow, as would a quit claim deed from Habitat to the city. The escrow agent would release the deed to Habitat upon completion of a house on the subject property. In the event that Habitat does not construct a house on the subject property by June 30, 2004, the escrow agent

would release the quit claim deed from Habitat to the city, thus returning the property to the city for use in another program. Habitat intends to start construction in Spring 2003 after finalizing the home design and finding a project partner.

The HOME Program requires an “affordability period” during which time only low-income families may purchase and reside in the home. The affordability period for this property is 10-years based upon the acquisition and site preparation costs incurred by the City. To ensure that the property remains affordable, a land-use restriction agreement (see attachment) will be signed between the homebuyer and the City. The agreement states that if the homebuyer sells the property within the 10-year affordability period, it may only be re-sold to another low-income family. If the second purchaser is not low-income, the City will be repaid a pro-ration share of their funds back.

Fiscal Impacts

This transfer would be completed at no cost to Habitat, other than costs to record the deeds with Champaign County. The city would receive no payment for the parcel. Disposition of the parcel would eliminate lot maintenance costs currently incurred by the Community Development Block Grant Program. The house constructed at this site would generate real estate taxes and is expected to have a positive effect on values of surrounding properties.

Options

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

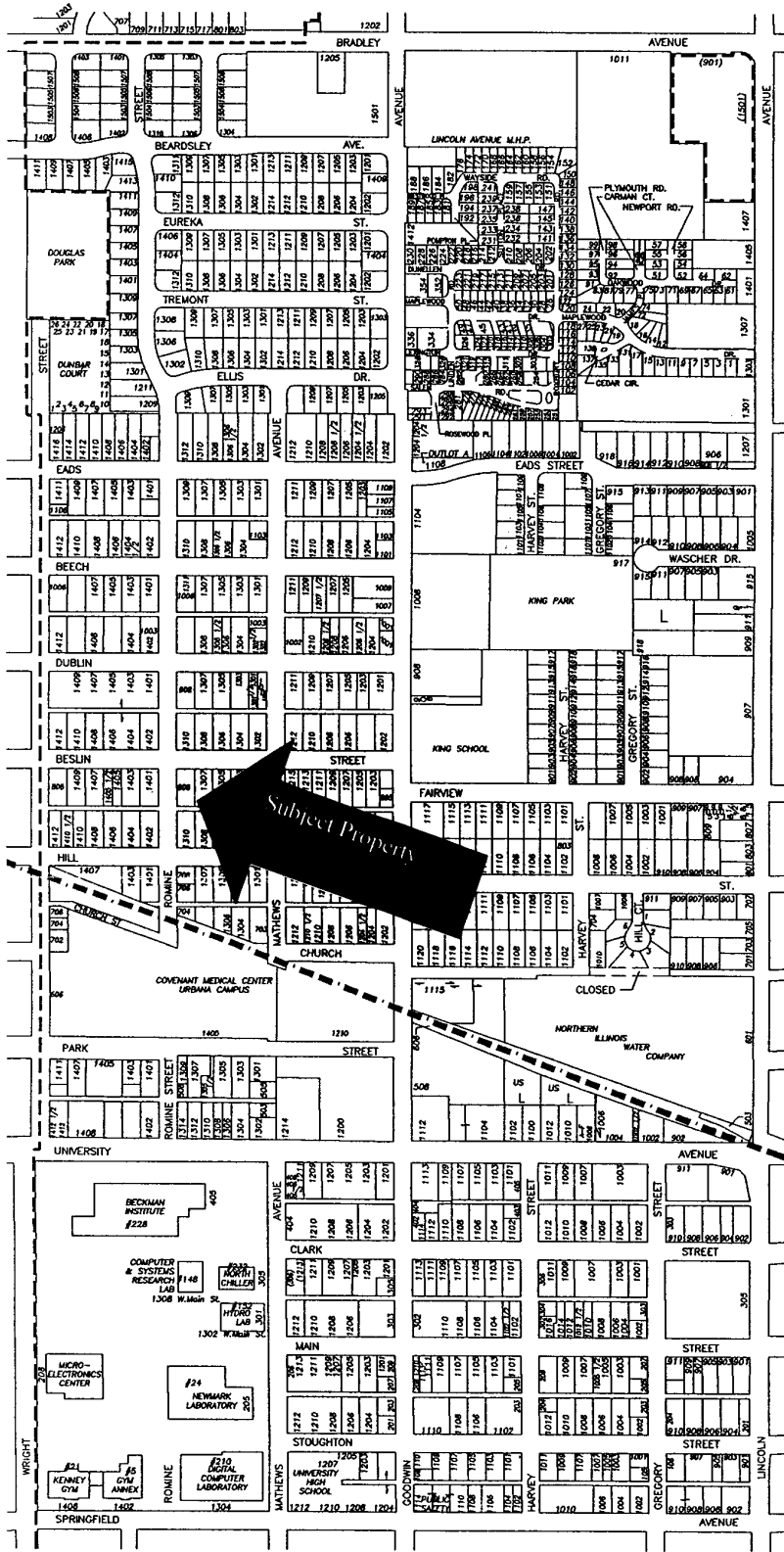
Recommendations

Community Development staff recommend approval of this transfer to the Urbana City Council. At their November 26 meeting, the Urbana Community Development Commission recommended approval of this property transfer to Habitat.

Prepared By: _____

Michael J. Loschen
Grants Coordinator II

- Attachments:
- (1) Site Map
 - (2) An Ordinance Authorizing the Sale of Certain Real Estate Owned by the City of Urbana and Acquired Under the Community Development Program (with attached Contract for Sale of Real Estate)
 - (3) City of Urbana Indirect Homebuyer Assistance Land-Use Regulatory Agreement



Subject Property

NE 7
7



ORDINANCE NO. 2002-12-133

AN ORDINANCE AUTHORIZING THE SALE OF CERTAIN REAL ESTATE

(808 North Romine 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 808 North Romine 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 Habitat for Humanity of Champaign and Piatt Counties, a copy of which said Contract is attached hereto and incorporated herein by reference, be and the same is hereby authorized and approved.

Section 2. That the Mayor of the City of Urbana, Illinois, be and 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 _____, 2002.

AYES:

NAYS:

ABSTAINS:

Phyllis D. Clark, City Clerk

APPROVED by the Mayor this _____ day of _____, 2002.

Tod Satterthwaite, Mayor

CONTRACT FOR SALE OF REAL ESTATE

This Contract made and entered into this _____ day of _____, _____, 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 Habitat for Humanity of Champaign and Piatt Counties, an Illinois not-for-profit corporation (hereinafter referred to as Habitat 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 Habitat agrees to buy, the following described parcel of real estate:

Lot 5 in Block 26 of Seminary Addition, situated in Champaign County, Illinois;

PIN: 91-21-07-406-001;

more commonly known as 808 North Romine 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 Habitat as evidence of title:

- a. A copy of a title insurance policy issued to the City by Allied Title Services, Inc., Champaign, Illinois, 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 Habitat 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.

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

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 Habitat 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 Habitat by good and sufficient Warranty Deed, subject to current general taxes, covenants, conditions, restrictions, easements apparent or of record, and to all applicable zoning laws and ordinances.

At the time of closing of this transaction, a Warranty Deed from the City in favor of Habitat shall be placed in escrow with the City of Urbana Department of Community Development Services (hereinafter referred to as "Escrow Agent"). At the same time, a Quit Claim Deed from Habitat in favor of the City shall be placed in escrow with the Escrow Agent.

In the event that Habitat constructs a single-family residence on Subject Property and Habitat is issued a certificate of occupancy for said residence by the Urbana Building Safety Division on or before June 30, 2004, or on or before the date established in any modification to this Contract, the Escrow Agent shall deliver said Warranty Deed to Habitat and shall destroy said Quit Claim Deed.

In the event that Habitat has not started construction of a single-family residence on Subject Property as of June 30, 2004, or as of the date established in any modification to this Contract, the Escrow Agent shall destroy said Warranty Deed and shall release said Quit Claim Deed to City.

In the event that Habitat has begun construction of a single-family residence on Subject Property as of June 30, 2004, or as of the date established in any modification to this Contract, but has not received a Certificate of Occupancy for said residence as of that date, City retains the right to pay Habitat, in care of the Escrow Agent, an amount equivalent to the value of improvements in place on Subject Property as of June 30, 2004, or as of the date established in any modification to this Contract, taking credit against said amount for any outstanding liens or encumbrances 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 Habitat and the City by an architect licensed by the State of Illinois, doing business in Champaign County, Illinois and mutually acceptable to Habitat and the City. The Escrow Agent shall deliver said

payment to Habitat, destroy said Warranty Deed, and release said Quit Claim Deed to the City.

No legal right, title, or interest, except as Contract Purchaser, in the Subject Property or any improvements thereon, shall vest in Habitat until delivery of said Warranty Deed by Escrow Agent to Habitat in the manner and under the conditions prescribed herein.

Any and all escrow charges shall be paid by Habitat.

5. 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 2002 payable in 2003 up to the date of possession. Habitat shall pay all special assessments and real estate taxes assessed against Subject Property after the date of possession

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

6. Condition of Subject Property. Habitat 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.

7. 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. Habitat shall be responsible for obtaining and paying for all permits required under said codes.

8. House Design. Any residence constructed pursuant to this Contract shall be compatible in design and quality of construction with houses constructed by Habitat at 1204 West Beslin Street and 1305 West Dublin Street, 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.

9. Use of Subject Property. The primary purpose of Habitat activities undertaken pursuant to this Contract shall be construction of a single-family residence for sale to a low-income household through Habitat's Homeownership Program.

10. Limitation on Subsequent Sale of Subject Property. Any residence constructed by Habitat on Subject Property pursuant to this Contract may subsequently be sold by Habitat 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 Habitat accepts a household into its Homeownership Program. Habitat 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.

11. Property Maintenance. Habitat agrees to keep Subject Property properly mowed and free of excess vegetation and debris at all times from the date of this contract. Habitat shall neither suffer nor commit any waste on or to Subject Property. Habitat 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. Habitat shall promptly pay all bills or charges incurred for materials, services, labor, or other like items which may create encumbrances against Subject Property. Habitat will become responsible for all property maintenance as of the date of this Contract.
12. Construction Schedule. Habitat 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 June 30, 2004, or, on or before a date established in any modification to this Contract.
13. 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.
14. City Held Harmless. Habitat 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.
15. Assignment. Habitat 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 Habitat's liability under this Contract.
16. Possession. City shall deliver possession of Subject Property to Habitat concurrently with closing of this transaction to be held on or before February 28, 2003.
17. Default. If Habitat fails to perform any obligation imposed upon it by this Contract, the City may serve written notice of default upon Habitat 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, Habitat 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 Habitat shall entitle the non-defaulting party to claim as damages all reasonable costs, attorneys' fees, and expenses in connection with enforcement of this Contract.

18. Notices. Any notice required under this Contract to be served upon the City or Habitat 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.
19. Modification. No modification or extension of this Contract shall be effective unless in writing and executed by the parties hereto.
20. Terms Binding. All terms of this Contract shall be binding upon the heirs, legatees, devisees, representatives, and assignees of the parties.

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

BUYER:

Habitat for Humanity
of Champaign and Piatt Counties
P.O. Box 1162
Champaign, Illinois 61824

BY:

Tod Satterthwaite, Mayor

BY:

Al Griggs, President

ATTEST:

Phyllis D. Clark, City Clerk

ATTEST:

Bob Kary, Secretary

**CITY OF URBANA
INDIRECT HOMEBUYER ASSISTANCE
LAND-USE REGULATORY AGREEMENT**

THIS LAND-USE REGULATORY AGREEMENT (the “Agreement”) is made and entered into as of this _____ day of _____, 2003, by and between NAME (the “Grantee”), and the City of Urbana, Illinois, a unit of local government having its principal offices at 400 South Vine Street, Urbana, Illinois 61801 (the “Grantor”).

RECITALS

- A. The Grantor receives funds to promote affordable housing from the U.S. Department of Housing and Urban Development (“HUD”) through the HOME Investment Partnerships Program (the “HOME Program”), as authorized by Title II of the National Affordable Housing Act of 1990 (P.L. 101-165) (the “HOME Act”) and the regulations promulgated thereunder and codified at 24 CFR Part 92 (the “HOME Regulations”), as may be amended and supplemented from time to time. All capitalized terms used herein and not otherwise defined shall have the meaning established in the HOME Act and the HOME Regulations.
- B. The Grantor receives funds to promote affordable housing from HUD through the Community Development Block Grant Program (the “CDBG Program”), as authorized by the Housing and Community Development Act of 1974 (the “CDBG Act”) and the regulations promulgated thereunder and codified at 24 CFR Part 570 (the “CDBG Regulations”), as may be amended and supplemented from time to time. All capitalized terms used herein and not otherwise defined shall have the meaning established in the CDBG Act and the CDBG Regulations.
- C. The Grantor has elected to utilize \$22,564.28 from the HOME and/or CDBG Programs to promote homeownership to low-income families through which the Grantor acquired and prepared property commonly known as 808 North Romine Street, Urbana, Illinois, more particularly described in Exhibit A (the “Property”) for donation to Habitat for Humanity of Champaign and Piatt Counties (hereinafter “Habitat”) for use in Habitat’s new-construction homeownership program.
- D. The Grantor has determined that the rights and restrictions granted herein to the Grantor serve the public’s interest in the creation and retention of affordable housing for low-income persons and families in the restriction of whom the Property may be

resold to in order to assure the property's affordability by future low-income purchasers.

- E. Pursuant to City of Urbana Community Development Department Policy, eligible purchasers such as the Grantee are given the opportunity to purchase the Property through Habitat below the property's appraised fair market value if the Grantee agrees to convey the property on resale to an income eligible purchaser.

NOW, THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto covenant and agree as follows:

1. **RECITALS.** The foregoing recitals are made a part of this Agreement.
2. **GENERAL CONDITIONS.** This Agreement shall be subject to, and Grantee agrees to comply with the terms and conditions of the HOME and CDBG Acts and Regulations, as amended and supplemented from time to time.
3. **GRANTEE CERTIFICATIONS.** The Grantee certifies to the Grantor the following.
 - (a) **Title.** Habitat has transferred ownership of the Property to the Grantee. Grantee holds fee simple title to the Property.
 - (b) **Residence.** Grantee will use the Property as Grantee's primary place of residence for a period of ten (10) years from the date of this Agreement.
 - (c) **Household Income.** At the time of purchase, the Grantee's family income does not exceed eighty percent (80.0%) of the median family income based upon family size, for Champaign County, Illinois as determined by HUD.
4. **AFFORDABILITY REQUIREMENTS.** The Grantee agrees that this Agreement shall restrict the subsequent sale of the Property to a household having income at or below eighty percent (80.0%) of the median family income based upon family size, for Champaign County, Illinois as determined by HUD.

This requirement will terminate ten (10) years from the date of this Agreement.
5. **ACTS REQUIRING GRANTOR'S APPROVAL.** Grantee shall not convey or transfer or encumber the Property, or permit the conveyance or transfer of the Property or any part thereof without the written approval from the Grantor. In order to transfer the Property, the Grantor must document the household income of any new buyer to ensure that the new household's income is at or below eighty (80.0%) of the median family income based upon family size for Champaign County, Illinois as determined by HUD.

6. **PROPERTY TRANSFER.** If Grantee transfers ownership of the Property during the affordability period as defined in Section 4, the Grantee is allowed to receive a fair return of investment in the property. Homeowner investment is defined as the sum of downpayment, capital improvements, and loan principal payments. Costs associated with repairs and maintenance shall not be included as homeowner investment.

(a) **Transfer to Low-Income Family.** Grantee will be allowed to retain all sales proceeds if the Property is transferred to a low-income family as defined in Section 5.

(b) **Transfer to a Non Low-Income Family.** Any sales proceeds from a sale/transfer of the Property to a non low-income homebuyer as defined in Section 5 will be distributed between Grantee, Habitat and the Grantor.

If Grantee transfers ownership of the Property to a family that is not low-income as defined by Section 5 of this agreement, a portion of the HOME and/or CDBG funds provided this property, as defined in "Recital C" of this Agreement will be re-paid to the City of Urbana per the following formula.

<u>Year</u>	<u>Percentage Re-Paid</u>
First	90%
Second	80%
Third	70%
Fourth	60%
Fifth	50%
Sixth	40%
Seventh	30%
Eighth	20%
Ninth	10%
Tenth	0%

7. **FORECLOSURE.** The income-eligibility of subsequent purchasers and affordability restrictions applicable to this Property do not terminate after foreclosure on this Property.

8. **VIOLATION OF AGREEMENT BY GRANTEE.** Upon violation of the affordability requirements of this Agreement by the Grantee, Grantor shall give written notice thereof to Grantee. If such violation is not corrected to the satisfaction of Grantor within thirty (30) days after the date such notice is mailed, or within such further time as the Grantor in its sole discretion permits (but if such violation is of a nature that it cannot be cured within such thirty (30) day period, then so long as the Grantee commences to cure within such thirty (30) day period and diligently pursues such cure to completion within a reasonable period not to be considered a violation), Grantee may declare a default under this Agreement, effective on the date of such declaration of default and notice thereof to the Grantee, and upon such default Grantor may:

(a) Require that the Property be purchased by a household that meets the affordability requirements in Section 4.

(b) If the Property cannot be purchased by a low-income family as defined in Section 4 or has been purchased by a non low-income household as defined in Section 4, Grantor requires that the HOME and/or CDBG investment as defined in "Recital C" of this Agreement be repaid to the Grantor.

9. **TERMS OF AGREEMENT; COVENANTS RUN WITH PROPERTY.** The requirements and agreements set forth in this Agreement shall be deemed to run with, bind, and burden the Property and shall be deemed to bind any New Buyer and any other future owners of the Property and the holder of any legal, equitable, or beneficial interest therein for the Affordability Period.

10. **INDEMNIFICATION.**

(a) The Grantee shall indemnify the Grantor and the Grantor's officers, agents, employees, or servants against, and hold them harmless from, liabilities, claims, damages, losses, and expenses, including but not limited to, legal defense costs, attorneys' fees, settlements, or judgements, whether by direct suit or from third parties, arising out of the Grantee's purchase of the Property in any claim or suit brought by a person or third party against the Grantor or the Grantor's officers, agents, employees, or servants.

(b) If a claim or suit is brought against the Grantor or the Grantor's officers, agents, employees, or servants, for which the Grantee is responsible pursuant to Subsection (a) above, the Grantee shall defend, at the Grantee's cost and expense, any suit or claim, and shall pay resulting claims, judgements, damages, losses, costs expenses, or settlements against the Grantor or the Grantor's officers, agents, employees, or servants.

11. **AMENDMENT.** This Agreement shall not be altered or amended except in writing and signed by the parties hereto.

12. **COUNTERPARTS.** This Agreement may be executed in counterparts, and each counterpart shall, for all purposes for which an original of this Agreement must be produced or exhibited, be the Agreement, but all such counterparts shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the date first above written.

GRANTEE:

NAME

Name

GRANTOR:
CITY OF URBANA, ILLINOIS

By: _____
Bob Grewe, Manager
Grants Management Division
City of Urbana

EXHIBIT A

LEGAL DESCRIPTION

Lot 5 in Block 26 of Seminary Addition, situated in Champaign County, Illinois.

Common Address: 808 North Romine Street, Urbana, Illinois

PIN: 91-21-07-406-001