



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: March 4, 2003

SUBJECT: **An Ordinance Authorizing the Sale of Certain Real Estate (1107 N. Gregory and 1109 N. Gregory)**

Description

Included on the agenda for the March 10, 2003 meeting of the Urbana City Council Committee of the Whole, is the sale of city-owned properties located within the Eads at Lincoln Subdivision to Yvette Gray Brown, owner of the Peter Pan Daycare facility, located at 1108 Harvey Street, for the expansion of a daycare facility. Specifically the properties in question are 1107 N. Gregory and 1109 N. Gregory.

Issues

The issue is whether the Urbana City Council should approve the sale the subject properties to Yvette Gray Brown, owner of the Peter Pan Daycare facility.

Background

In the early 1990's the City of Urbana embarked on the development of the Eads at Lincoln Subdivision.

To facilitate this development, a majority of the properties along Eads Street and west to Goodwin Avenue were purchased to develop a new, affordable housing subdivision. Property acquisition records indicate 1107 N. Gregory and 1109 N. Gregory were purchased with both Tax Increment Finance funds and Community Development Block Grant funds.

Staff understands that in the course of developing the Eads at Lincoln Subdivision, 1107 N. Gregory and 1109 N. Gregory, were not identified as parcels to support the construction of a new, affordable housing units.

Attached is a copy of an April 26, 1999 correspondence from Bruce Stoffel, former Manger of the Grants Management Division, to Yvette Brown indicating that since a house was not constructed on this property, the City can consider Ms. Brown's interest in purchasing 1107 N. Gregory and 1109 N. Gregory.

Mr. Stoffel left the City's employment after providing this correspondence.

The Grants Management Division staff brought this matter to the attention of the Community Development Commission (CDC) at their April 19, 2002 regular meeting.

CDC concurred with Staff recommendation that the parcels be sold to Peter Pan Childcare, with the condition that the following requirements are met:

1. Property sold at fair market value.
2. Public hearing is conducted to obtain public comment on changing the ultimate use of the property from housing to a childcare facility.
3. Proper zoning approvals are met. (Staff may draft sale agreement, such that the sale is contingent on the buyer obtaining all regulatory approvals to expand neighboring childcare facility onto the subject properties.)
4. The owner of Peter Pan Childcare suggested that previously there was discussion of making arrangements for installment payments for these parcels rather than a lump sum payment. Grants Management Division has made similar arrangements in the past and sees no particular difficulty in accommodating such an arrangement.

Since that time, Community Development Services Department staff has pursued the following activities related to the proposed conveyance of these properties:

Re: Property sold at fair market value

Upon further investigation of HUD real estate regulations, the City can sell property at a negotiated price, regardless of fair market value.

In 2001, staff did obtain appraisals for the parcels. The appraisals amounted to \$6,000 for 1109 N. Gregory and \$8,000 for 1107 N. Gregory. The lesser amount for 1109 N. Gregory is due to the lot dimensions being substandard.

Mr. Stoffel's 1999 correspondence references a proposed sale price of \$9,000 for both parcels. Staff believes that \$10,000 is a reasonable sale price for both parcels, considering Yvette Brown was not responsible for the delay of this sale.

Re: Public hearing

A public hearing to obtain public comment on the question of a proposed sale of 1107 and 1109 N. Gregory to Yvette Brown, for the purpose of expanding the Peter Pan Learning Center facilities, located at 1108 North Harvey, was conducted at 7:00 PM, Tuesday January 28, 2003 at the City Council Chambers. The public hearing was held prior the regular meeting of the Community Development Commission. Attached is a copy of the meeting notice, sign-in sheet, and minutes from this public hearing.

The meeting can be summarized noting that Laurie Norris, who lives across the street from the subject properties is concerned about additional noise, traffic and congestion that might be created if the daycare facility is expanded and Althea Jones also noted concern about the traffic along Eads Street. John Lee Johnson spoke in favor of sale.

Re: Proper zoning approvals are met

Planning staff has met with Yvette Brown to discuss her planned expansion of the daycare facility. Staff indicated that 1107 and 1009 N. Gregory are zoned R-2 and that in order to site a daycare facility on these parcels, a Conditional Use Permit must be approved by the Board of Zoning Appeals.

In that both parties have met to discuss the necessary land use regulatory requirements, staff does not believe that the sale need be contingent on the buyer having the conditional use permit approval in place prior to the sale. Ms. Brown is not yet in a position to provide the documentation necessary to receive a conditional use permit (e.g., site plans, etc.), but she has indicated that she is anxious for the sale to be executed.

Re: Payment

Yvette Brown has indicated that she is prepared to make payment in full for the properties.

Options

1. Approve the sale agreement for 1107 and 1109 N. Gregory to Yvette Gray Brown, per the attached sales contract.
2. Approve the sale agreement for 1107 and 1109 N. Gregory to Yvette Gray Brown, with an amended sales contract.
3. Do not approve the sale agreement for 1107 and 1109 N. Gregory to Yvette Gray Brown.

Fiscal Impacts

The sale of these properties would result in \$10,000 in proceeds to the City. \$5,000 would be provided to the City's Tax Increment Finance account and \$5,000 would be provided to the Community Development Block Grant account as program income.

Disposition of the parcels would eliminate property maintenance costs currently incurred by the Community Development Block Grant program.

The proposed daycare facilities constructed on these sites would generate real estate taxes.

Recommendations

Community Development staff recommend that the Urbana City Council approved the proposed Ordinance to convey 1107 and 1109 N. Gregory to Yvette Gray Brown.

Memorandum Prepared By:

Bob Grewe, AICP
Manager, Grants Management Division

Attachments:

- (1) An Ordinance Authorizing the Sale of Certain Real Estate (1107 N. Gregory and 1109 N. Gregory)
- (2) Contract for Sale of Real Estate
- (3) Minutes, notice and sign-in sheet related to January 28, 2003 Public Hearing
- (4) April 26, 1999 letter from Bruce Stoffel to Yvette Brown

ORDINANCE NO. 2003-03-024

AN ORDINANCE AUTHORIZING THE SALE OF CERTAIN REAL ESTATE

(1107 N. Gregory and 1109 N. Gregory)

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 were met by publishing appropriate notice in the News Gazette on January 12, 2003 and a public hearing was held at 7:00 PM on January 28, 2003; and

WHEREAS, the City Council now desires to sell the real estate commonly known as 1107 N. Gregory and 1109 N. Gregory, which said properties have 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; and

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

Section 1. That the said real estate be sold to Yvette Gray Brown for \$10,000.

Section 2. That the said real estate dispositions be completed by June 30, 2003.

Section 5. That the Mayor of the City of Urbana, Illinois, be and the same is hereby authorized to execute all necessary deeds and documents required for the lot dispositions on behalf of the City of Urbana, Illinois.

PASSED by the City Council this _____ day of _____, 2003.

AYES:

NAYS:

ABSTAINS:

Phyllis D. Clark, City Clerk

APPROVED by the Mayor this _____ day of _____, 2003.

Tod Satterthwaite, Mayor

CONTRACT FOR SALE OF REAL ESTATE

This Contract made and entered into this _____ day of _____, 2003 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 Yvette Gray Brown, (hereinafter referred to as Brown 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 Yvette Gray Brown agrees to buy, the following described parcels of real estate (hereinafter referred to as "Subject Properties"):

Tract I

Lot 11 in Frailey's Second Subdivision as recorded.
PIN: 91-21-07-277-013
Commonly known as 1109 N. Gregory.

Tract II

Lot 10 in Frailey's Second Subdivision as recorded.
PIN: 91-21-07-277-013
Commonly know as 1107 N. Gregory.

2. Purchase Price. City agrees to convey title to Subject Properties for Ten Thousand Dollars (\$10,000.00) and other consideration as described herein. Payment shall be made in full at closing.
3. Evidence of Title. Within a reasonable time, the City shall select and deliver one of the following to Brown as evidence of title:
 - a. A copy of a title insurance policy issued to the City in connection with acquisition of Subject Properties by the City; the City warrants that it has done nothing to encumber Subject Properties since its acquisition of Subject Properties; 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 Properties in Brown'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 Properties and which do not restrict reasonable use of the Properties.

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

The City shall have a reasonable time to cure any objections actually interfering with or impairing the merchantability of the title to Subject Properties. If the City is unable to cure such objections and is unable to procure a title policy insuring over such objections, then Brown 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 Properties to Brown 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 Properties or any improvements thereon, shall vest in Brown until delivery of said Warranty Deed to Brown in the manner and under the conditions prescribed herein.
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 Properties for 2003 payable in 2004 up to the date of possession. Brown shall pay all special assessments and real estate taxes assessed against Subject Properties after the date of possession

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

7. Condition of Subject Properties. Brown agrees to accept Subject Properties in its "as-is" condition, and the City disclaims all warranties express or implied as to the condition of Subject Properties.
8. Compliance with Development Codes. Any structure 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 Properties is located. Brown shall be responsible for obtaining and paying for all permits required under said code.
9. Properties Maintenance. Brown agrees to keep Subject Properties properly mowed and free of excess vegetation and debris at all times. Brown shall neither suffer nor commit any waste on or to Subject Properties. Brown 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. Brown shall promptly pay all bills or charges incurred for materials, services, labor, or other like items which may create encumbrances against Subject Properties.

10. City Held Harmless. Brown 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.
11. Possession. City shall deliver possession of Subject Properties to Brown concurrently with closing of this transaction to be held on or before June 30, 2003.
12. Default. If Brown fails to perform any obligation imposed upon it by this Contract, the City may serve written notice of default upon Brown 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, Brown 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 Brown shall entitle the non-defaulting party to claim as damages all reasonable costs, attorneys' fees, and expenses in connection with enforcement of this Contract.
13. Notices. Any notice required under this Contract to be served upon the City or Brown 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.
14. Modification. No modification or extension of this Contract shall be effective unless in writing and executed by the parties hereto.
15. 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

BY: _____
 Tod Satterthwaite, Mayor

ATTEST: _____
 Phyllis D. Clark, City Clerk

BUYER:

Yvette Gray Brown
1108 Harvey Street
Urbana, Illinois 61801

BY: _____

ATTEST: _____

NOTICE OF PUBLIC HEARING

A public hearing will be held at
7:00 PM, Tuesday, January 28, 2003
Urbana City Council Chambers
400 South Vine Street Urbana, Illinois

The purpose of the public hearing is to consider the question of a proposed sale of 1107 North Gregory and 1109 North Gregory to Yvette Brown for the purpose of expanding the Peter Pan Childcare facilities located at 1108 North Harvey.

Call To Order

Staff Briefing on the Item

Ask For Public Comment on the Question of the Proposed Sale

Determine There Are No Further Comments

Public Hearing Is Adjourned

CITY OF
URBANA

April 26, 1999

Yvette Brown
Peter Pan Day Care Center
1108 North Harvey Street
Urbana, Illinois 61801

RE: 1107-1109 North Gregory Street, Urbana, Illinois

Dear Yvette:

For several years you and I have discussed your interest in purchasing property owned by the City of Urbana adjacent to your facility for future expansion. The property is located immediately to the east of your facility and is addressed as 1107-1109 North Gregory Street.

The city purchased these lots in the early 1990s for two purposes: clearance of blighted buildings there and construction of new houses as part of the Eads at Lincoln subdivision. In 1996 the City of Urbana entered into an agreement with a local developer for construction of a house on the two lots. Because a house was not constructed there by 1998, title to the lot reverted to the city. The city is now able to consider your request to purchase the lot for expansion of your facility.

Because the subject property was acquired in part with Community Development Block Grant (CDBG) funds, CDBG regulations governing property disposition would apply to our transaction. To sell the property for a use other than what the city had originally intended, the city must adhere to two special requirements. First, the lot must sold for at least its fair market value. Second, prior to sale of the lot the city must allow the general public, particularly surrounding property owners, an opportunity to comment on proposed sale of the lot.

I recently obtained an appraisal of the property from certified real estate appraiser Karen Miller. Ms. Miller has appraised the property at \$9,000 as of April 1, 1999. I am enclosing a copy of the appraisal for your review.

If you are interested in proceeding with purchase of the lot for \$9,000, I will arrange a neighborhood meeting to obtain input regarding the proposed sale as well as proposed sale of other vacant lots in the neighborhood and housing construction on several others. I would like to hold a meeting in mid-May. If possible I would like to forward this matter to City Council for review at its June 14 Committee meeting.

Yvette, do you want to proceed with acquisition of the lot at this time? If so, do you intend to pay for the lot outright or would you prefer to purchase the lot on contract (involving monthly payments to the city)?

I look forward to hearing from you regarding this matter at your earliest convenience.

Thanks, Yvette.

Sincerely,

Bruce R. Stoffel, Manager
Grants Management Division

/brs

enclosure

**MINUTES of PUBLIC HEARING
COMMUNITY DEVELOPMENT COMMISSION
Tuesday, January 28, 2003, City Council Chambers**

CITY OF
URBANA

Purpose: To consider the question of a proposed sale of 1107 North Gregory and 1109 North Gregory to Yvette Brown for the purpose of expanding the Peter Pan Learning Center facilities located at 1108 North Harvey,

Call to Order: Chairperson Cobb called the public hearing to order at 7: 10 p.m.

Commission Members Present: Fred Cobb, Chris Diana, Alice Englebretsen, Robert Lewis, Anne Heinze Silvis, Dennis Vidoni

Commission Members Absent: Joanna Shisler

Others Present: Bob Grewe, Randy Burgett, Connie Eldridge, Mike Loschen, Karen Rasmussen, and Elizabeth Tyler, Community Development Services; Jim Rose, Homestead Corporation, Esther Patt, Urbana City Council, Althea P. Jones, 913 West Eads Street; Laurie Norris, 1002 West Eads Street; Samuel Johnson, 807 North Harvey; Jim Hayes, Urbana City Council; Gayle Adkisson, Urban League; John L. Johnson, Eads Street Development Corporation.

Staff Report: Mr. Grewe reminded commissioners that the CD Commission had considered this conveyance of property last year. City code governs property disposition and sets requirements. Staff is getting current property appraisals, negotiating with the buyer and addressing zoning issues.

Petitions and Communications: Laurie Norris, who lives across the street from Peter Pan Learning Center, stated it has been an unobtrusive business and has contributed to the neighborhood by allowing neighborhood meetings to be held there. She was originally concerned about noise and traffic; however, she felt the current level was acceptable, As a new homeowner she had believed more residences than businesses would be added to the neighborhood. With the expansion of the facility, Ms. Norris was concerned about additional noise, traffic and possible congestion. She asked about entry and exit from Eads or Gregory Streets. Ms. Norris was also concerned with traffic speeding through the neighborhood.

Althea Jones was also concerned about the traffic level. Neighbors have been requesting speed bumps or traffic signs for ten years, but they have not seen any. Ms. Jones knew how important daycare is to working mothers, and she supported Peter Pan's expansion, Her only concern was with traffic.

John L. Johnson reviewed the history of redevelopment in the area. He remembered an agreement that the Plan Commission and City Council approved when Peter Pan Learning Center located in the area. He felt this was an unobtrusive business and supported its expansion.

Mr. Johnson noted that Illinois Center for Citizen Involvement built homes in the neighborhood through its HomeBuild Program, and the childcare facility was not a problem. He understood neighbors' concerns about traffic but felt development would not greatly increase it. If speeding occurs, Mr. Johnson stated the residents must address it in other ways.

Ms. Tyler described the process of rezoning and how the Zoning Board of Appeals would require a conditional use permit. Conditions may be attached to the permit to protect the neighborhood from the impact. There will be another chance for neighbors to express their concerns.

Adjournment: Chairperson Cobb adjourned the public hearing at 7:20 p.m.

Recorded by Connie Eldridge

cc

Public Hearing

C:\word\minutes.cdc\463\PN-69-03

ZONING

AND CORRECTION

BOUNCE

ESDS of Lincoln

Lincoln Homeowner Assoc

Urban

Urban