



DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

Economic Development Division

m e m o r a n d u m

TO: Bruce K. Walden, Chief Administrative Officer

FROM: Elizabeth H. Tyler, AICP, Director

DATE: August 20, 2003

SUBJECT: Ordinance Granting Permission to Enter Into An “Interim” Development Agreement With “Five-Points East Partnership” for Five-Points East Redevelopment Area

Description

The purpose of this memorandum is to seek permission for the City to enter into an interim development agreement with James Burch and Paul Tatman (Five-Points East Partnership) that would allow for the demolition and remediation of the Yen Ching property, located at 510 N. Cunningham, and would allow the City to loan money to the developer for these costs as well as for such costs related to future demolition and remediation of properties in the redevelopment area. The City and Five-Points East Partnership would then later enter into a successor agreement further defining developer and City obligations.

Issues

The property proposed for redevelopment (Attachment 4) falls within the boundaries of Tax Increment Finance District 2. The leveraging of private funds to develop and invest in downtown is in line with the goals of the Downtown Strategic Plan and the Tax Increment Financing District #2 plans for redevelopment. It is also a goal to increase the amount of retail business space in the City of Urbana and to improve the quality of the major gateways into downtown. In light of these facts, it is in the City’s best interest to contribute to redevelopment projects in the downtown area that will achieve all of these goals.

Background

The collective group of properties to the northeast of the intersection of Cunningham Avenue and University Avenue, commonly referred to as “Five-Points East”, was identified as a key

redevelopment area in the Tax Increment Finance District 2, Downtown Strategic, and Comprehensive Plans. Jim Burch and Paul Tatman formed a partnership with the intent to acquire properties in the redevelopment area in phases, and to demolish, environmentally remediate, and market the properties for retail use. The first phase would include the Yen Ching property located at 510 N. Cunningham, which has already been acquired. The City has a vested interest in the properties located in Five-Points East due to their highly visible location and because of their importance as outlined in the Tax Increment Finance District 2, Downtown, and Comprehensive Plans.

City staff has worked out preliminary negotiations with the Five-Points East Partnership to assist the developers with associated project costs in order to ensure the future success of the project. The products of these negotiations are included in the Interim Development Agreement.

Financial Impacts

The City would assist the developer utilizing Tax Increment Finance District 2 funds in the amount of a \$100,000 loan for three years for demolition and environmental remediation of Yen Ching and other properties on the development site.

Recommendations

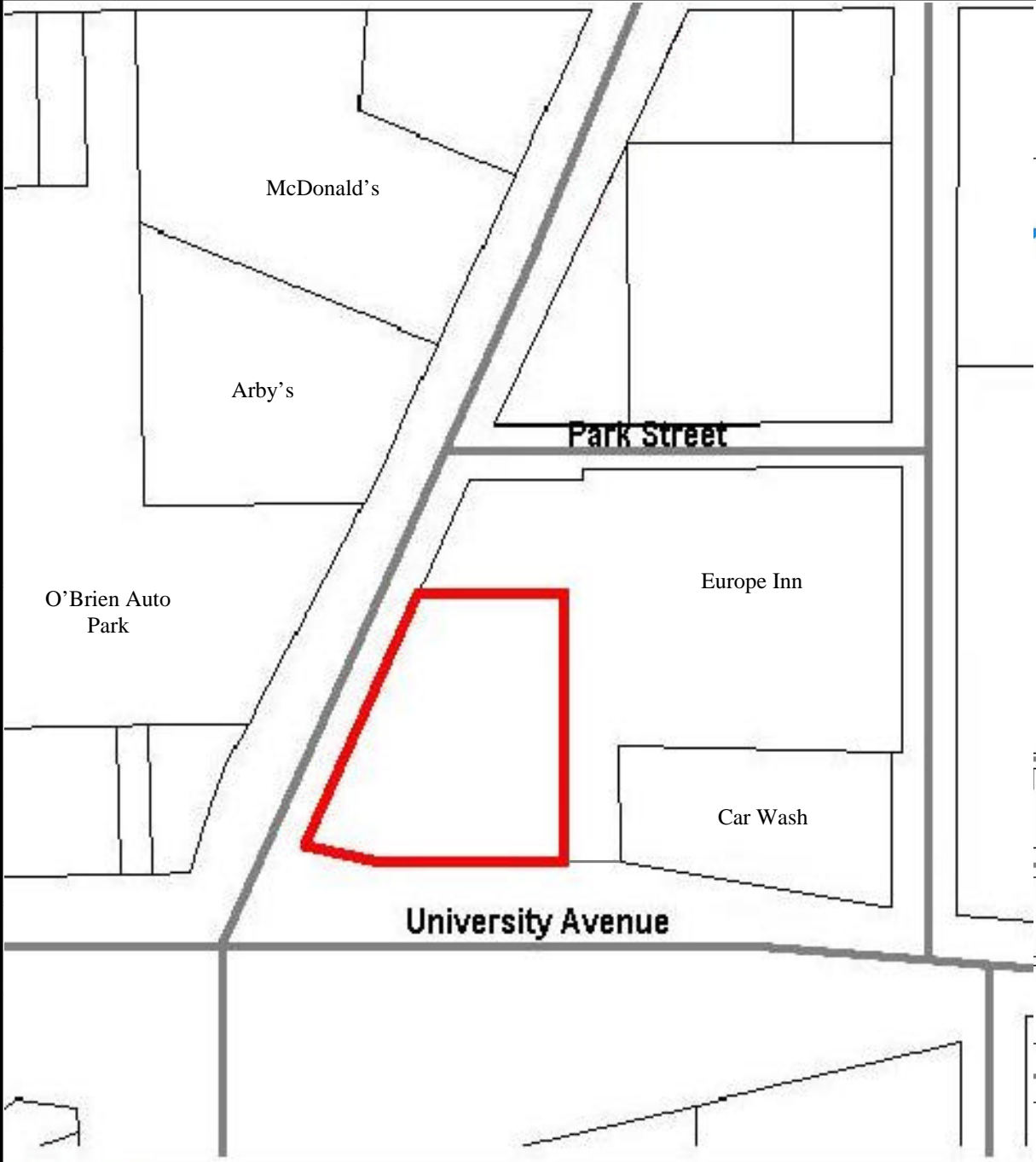
Staff requests City Council approval of the Ordinance allowing the City to enter into the Interim Development Agreement and to continue negotiations with the Five-Points East Partnership, as generally described herein.

- Attachments:
- 1: Ordinance
 - 2: Interim Redevelopment Agreement
 - 3: Copy of Mortgage
 - 4: Copy of Note
 - 5: Yen Ching Site Map
 - 6: Redevelopment Area Map

Prepared by:

Ryan Brault, Redevelopment Specialist

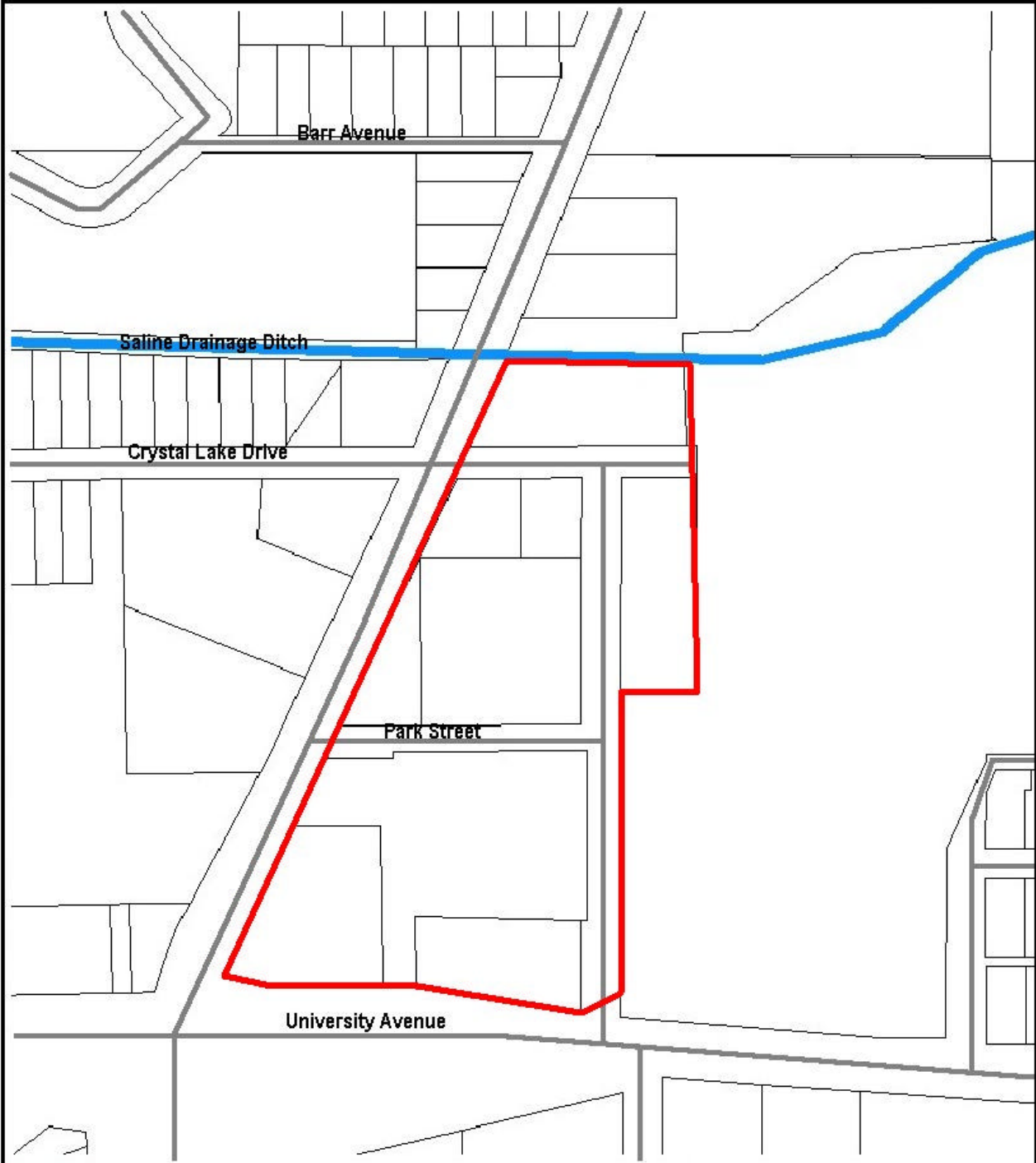
Yen Ching Property – 510 N. Cunningham




University and Cunningham
Northeast Corner of "Five Points"

 Subject Area
 Roads

Five-Points East Redevelopment Area



University and Cunningham
Northeast Corner of "Five Points"

 Subject Area

 Roads