



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: June 2, 2005
SUBJECT: **Acquisition of Properties through Community Development Block Grant/HOME Programs--1110 West Hill Street and 708 North Goodwin Avenue**

Description

Included on the June 13 agenda of the Committee of the Whole is a proposed acquisition through the Community Development Block Grant/HOME programs of two properties located in Census Tract 53: 1110 West Hill Street and 708 North Goodwin Avenue. If acquired by the city, the properties would be used to support the need for affordable housing. These properties were brought to our attention by the Champaign County Public Administrator in charge of these properties through the Estate of the late owner.

Issues

Two issues are before the committee with regard to this matter.

The first is whether to purchase the properties located 1110 West Hill Street and 708 North Goodwin Avenue. City Council authorization is necessary for the City to acquire these properties. The issue requires the affirmative vote of a majority of seated councilpersons.

If the Council elects to purchase these properties, the second issue involves how best to utilize these properties with regard to the City's commitment to maintaining and increasing its affordable housing stock.

Background

The City has committed, through the Consolidated and Annual Action Plans, to continue to purchase properties in support of affordable housing. The majority of the properties are often then donated to a non-profit housing developer for new construction of affordable housing. The city's goal in purchasing properties is to increase the current land portfolio and to accommodate the increased demand for affordable housing. If acquired by the city, the properties would be used to support the need for affordable housing.

These properties were brought to our attention by the Champaign County Public Administrator overseeing the estate of the late owner. Prior to marketing and maintaining the properties for sale through a real estate listing, the Public Administrator inquired whether the City was interested in these properties. Since that time, we have been working through the procedures required for property acquisition using federal funds in cooperation with the Public Administrator.

1110 West Hill Street

This property is located in the center of the block between Harvey Street and Goodwin Avenue. This property served as the residence of the late owner and now is in the estate.

The underlying parcel has dimensions of 59 feet by 130.6 feet. A two story single-family residence with basement and detached storage shed are located on the lot. The residence has been inspected

by city staff and determined to be structurally sound with a good foundation. It appears the roof is in need of minor repairs. However the interior of the structure and exterior siding are in need of major rehabilitation which would entail completely gutting and remodeling of the home to bring into compliance of local codes. The storage shed is deteriorated and would require removal, and the grounds would need work to eliminate the overgrowth and accumulation of debris.

Staff believes this property could be rehabilitated to meet current code compliance while keeping the home affordable and saving existing housing stock to maintain the neighborhood appearance. Although we do not have a program designed for the purchase and rehabilitation of existing structures at this time, the Council approved 2005-2009 Consolidated Plan allows for such a program to be implemented. A number of possible partnerships with local non-profit organizations are currently being explored by staff to develop a program in which properties such as this one would be purchased, rehabilitated, and then resold to low- to moderate- income households..

If the property could not be rehabilitated cost effectively in its current condition to bring the structure into compliance with local codes, we could demolish the property and have a buildable lot for the city portfolio for future use. Either way the property would remain affordable with a future new residence or a rehabilitated existing residence.

The property appraisal and appraisal review both estimate the market value of the property at \$29,000. Copies of the appraisal and review are attached. If we were to rehabilitate the property to bring it into code compliance, estimated cost would be \$30,000. Clearance costs to demolish the structure to create a buildable lot are estimated to be \$12,000.

708 North Goodwin Avenue

This property is a vacant lot located on the east side of Goodwin Avenue between Church Street and Hill Street. The property has dimensions of 67.25 feet by 119.75 feet. Therefore, it is considered a buildable lot if acquired and cleared by the city. The property would require some lot clearance from overgrowth and debris.

The property appraisal and appraisal review both estimate the market value of the property at \$11,000. Copies of the appraisal and review are attached. Clearance costs to eliminate overgrowth and debris are estimated to be \$1,000.

Options

1. Proceed with the purchase offer, and if successful, review policies and procedures to establish a way to purchase, rehab, and resale to keep existing housing stock as affordable. The vacant property shall be cleared and maintained for use in new construction of affordable housing.
2. Proceed with the purchase offer and, if successful, complete the demolition and clearance of the properties in support of affordable housing through new construction with non-profit housing developers.
3. Withdraw purchase offer.

Fiscal Impacts

Acquisition and maintenance of the properties would come from the Property Acquisition Fund. This will support affordable housing through land acquisition, which has been approved for the City to purchase properties and maintain them until they are developed into affordable housing

Acquisition of subject property 1110 W. Hill would cost \$29,000 (its appraised value).

If we were to demolish the structure an asbestos inspection is required at a cost of \$750, and demolition costs for the structure isre estimated at \$12,000

If we are to rehabilitate the existing structure on 1110 Hill, we will need to review our current programs and guidelines to insure our rehabilitation funds for residential structures may be used for this purpose or review strategies associated with creating a new program. Estimated cost of rehabilitation is \$30,000

Acquisition of subject property 708 N. Gregory would cost \$11,000 (its appraised value).

This property is a vacant lot that will require some lot maintenance and clearing at an estimated \$1,000.

If the acquisition is successful, the properties would ultimately be returned to the tax rolls through construction, rehabilitation and sale of the properties. Until the property is used for housing construction, the city would maintain the properties through the Community Development Block Grant/HOME Programs. Property maintenance (mowing) will cost approximately \$20.00 a week for each property until the property is sold.

Recommendations

At its May 31 meeting, the Community Development Commission recommended that City Council approve the acquisition of the properties, and if successful, review policies and procedures to establish a way to purchase, rehab, and resale to keep existing housing stock as affordable. The vacant property shall be cleared and maintained for use in new construction of affordable housing.

Community Development Services staff also recommends City Council approval of the attached ordinance authorizing this purchase.

Memorandum Prepared By:

Erin J. Bullok
Interim Manager
Grants Management Division

Attachments: 1110 West Hill Street

- Plat map
- Contract for the Sale of Real Estate

708 North Goodwin Avenue

- Plat map
- Contract for the Sale of Real Estate

An Ordinance Authorizing the Purchase of Certain Real Estate

ORDINANCE NO. 2005-06-081

AN ORDINANCE AUTHORIZING THE PURCHASE OF CERTAIN REAL ESTATE

(1110 West Hill Street)

WHEREAS, The City Council of the City of Urbana, Illinois, has found and determined that acquisition of the real estate specified in the attached agreement is desirable and necessary to carry out one of the corporate purposes of the City of Urbana, to wit: implementation of Affordable Housing Strategies and Objectives described in the *Urbana HOME Consortium and the City of Urbana Consolidated Plan for Program Years 2000-2004*, and the *Urbana HOME Consortium and the City of Urbana Consolidated Plan for Program Years 2005-2009*.

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

Section 1. That the City of Urbana hereby approves the agreement attached hereto and authorizes the Mayor of the City of Urbana to execute the same on behalf of the City of Urbana. The attached agreement relates to the following described premises, located in Urbana, Illinois.

Lot 26 in Sarah A Sim's Addition to the City of Urbana, as per plat recorded in Plat Book "B" at Page 255, situated in Champaign County, Illinois.
PIN: 91-21-07-426-015

More commonly known as 1110 West Hill Street, Urbana, Illinois.

Section 2. This Ordinance is hereby passed by the affirmative vote, the “ayes” and “nays” being called, or a majority of the members of the Council of the City of Urbana, Illinois, at a regular meeting of said Council on the _____ day of _____, 2005.

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

AYES:

NAYS:

ABSTAINS:

Phyllis D. Clark, City Clerk

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

Laurel Lunt Prussing, Mayor

CONTRACT FOR SALE OF REAL ESTATE

This Contract made and entered into this ____ day of _____, 2005, by and between the City of Urbana, Illinois, a municipal corporation of the State of Illinois (hereinafter referred to as the "BUYER"), and Joseph T. Brown, as Public Administrator of the Estate of James Gunnings (hereinafter referred to as the "SELLER").

WITNESSETH:

IT IS MUTUALLY UNDERSTOOD AND AGREED BETWEEN THE PARTIES HERETO as follows:

1. Sale. The SELLER agrees to sell and convey, and the BUYER agrees to buy, the following described parcel of real estate:

Lot 26 in Sarah A Sim's Addition to the City of Urbana, as per plat recorded in Plat Book "B" at Page 255, situated in Champaign County, Illinois. PIN: 91-21-07-426-015

More commonly known as 1110 West Hill Street, Urbana, Illinois (hereinafter referred to as "Subject Property").

Except the coal, minerals and mining rights heretofore conveyed of record.

Subject to all covenants, restrictions, reservations, and easements of record, if any.

2. Purchase Price. The agreed purchase price of Twenty-Nine Thousand and 00/100 Dollars (\$29,000.00) shall be paid in cash at closing but from such purchase price shall be first deducted the credits and other deductions allowed in this Contract.
3. Evidence of Title. Within a reasonable time, SELLER shall deliver to BUYER as evidenced or SELLER'S title a Commitment for 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 the Subject Property in BUYER'S name for the amount of the purchase price. BUYER shall be responsible for payment of the owner's premium and any and all search charges.
4. Conveyance. Conveyance shall be by a general warranty deed to the BUYER, with release of owner and homestead rights.

5. Taxes and Assessments. Real estate taxes apportioned up to the date of possession shall be SELLER'S expense. The proration thereof shall be calculated upon the basis of the most current tax information, including confirmed multipliers. Transfer tax and all Special assessments which are a lien upon the Subject Property as of the date of this Contract shall be SELLER'S expense. All such taxes and special assessments shall constitute a credit to BUYER against the purchase price and shall release SELLER from any further liability to BUYER in connection therewith.
6. Closing. Closing shall be at the office of the City of Urbana, Grants Management Division, Urbana, Illinois, or at any other place mutually agreeable between the parties, on or before October 31, 2005. Possession of premises shall be delivered to BUYER upon Closing.
7. Leases. SELLER affirms that the Subject Property is vacant as of the date of this Contract. SELLER further affirms that it is not party to a lease or contract sale with respect to Subject Property as of the date of this Contract. SELLER shall not permit or allow or create any leases or allow or permit the renewal or extension of any lease, with respect to the Subject Property. It is agreed that the non-leasing provisions of this contract are material, and if SELLER violates this provision regarding the non-leasing of the Subject Property, BUYER may, at its option immediately declare this contract null and void.
8. Condition of Property. BUYER agrees to accept the Subject Property in its "as-is" condition, and SELLER disclaims all warranties expressed or implied as to the condition of the premises.

IN WITNESS WHEREOF, the parties have executed this Contract as of the day and year first above written.

SELLER:

Estate of James Gunnings
C/O Joseph T. Brown, Public Administrator
413 Indian Hills Dr.
Rantoul, Illinois 61866

BY: _____
Joseph T. Brown, Public Administrator

BUYER:

City of Urbana, Illinois
400 South Vine Street
Urbana, Illinois 61801

BY: _____
Laurel Lunt Prussing, Mayor

ATTEST: _____
Phyllis D. Clark, City Clerk