



DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

Grants Management Division

m e m o r a n d u m

TO: Mayor Laurel Lunt Prussing

FROM: Elizabeth H. Tyler, FAICP, Director, Community Development Services

DATE: September 16, 2010

SUBJECT: AN ORDINANCE AUTHORIZING THE PURCHASE OF CERTAIN REAL ESTATE (1205 West Beslin Street, Urbana)

Description

Included on the agenda of the September 20, 2010 meeting of the Urbana City Council is an Ordinance Authorizing the Purchase of Certain Real Estate (1205 West Beslin Street). The property would be cleared and redeveloped into new affordable housing, which addresses the FY 2010-2014 Consolidated Plan goal of providing decent affordable housing opportunities for low- and moderate-income households.

Issues

The issue is whether the Urbana City Council should approve the Ordinance Authorizing the Purchase of Certain Real Estate (1205 West Beslin Street).

Background

The Fiscal Year 2010-2011 Annual Action Plan allocated Community Development Block Grant (CDBG) funds for the program entitled, "Property Acquisition in Support of New Construction and Relocation/Clearance/Disposition." An objective of this program is to provide decent housing by creating or maintaining affordable housing opportunities for households with incomes at or below 80% of the area median.

The program allows for the City purchase and maintenance of properties primarily in Census Tracts 53, 54, 55, and 56 Block Group 1 (City Target areas). Properties acquired through this program may be utilized as follows:

- Donation to non-profit housing developers to build affordable housing.
- City sponsored rehabilitation and re-sale to qualified homebuyers.
- Donation to other organizations to support CDBG-eligible programs.

The dilapidated house on the subject property has been vacant for some time, and as a result of foreclosing its mortgage, Busey Bank received a judgement of foreclosure in May 2009. The next step in the foreclosure process is for Busey Bank to pursue a sheriff's sale in order to acquire a clear deed for the property.

In summer of 2010, Busey Bank contacted the City to see if there was interest in purchasing the property to be redeveloped into affordable housing. Because Busey has agreed to recover only certain costs associated with the property, the amount the City would pay to purchase the property is \$3,590. The City would also be responsible for paying all outstanding real estate taxes, which are currently estimated at \$2,800 (this may change depending on the date of acquisition). According to the Champaign County Assessor's website, the assessed value of the property (land only) is \$8,851. If the City purchases the property, the structure would be demolished, because it would not be cost-effective to rehabilitate the structure to comply with building codes. The result would be a lot that could be used for future affordable housing development.

If approved by Council, Busey will pursue the sheriff's sale of the property to acquire a clear deed. Because another buyer may purchase the property at the sheriff's sale, the subject contract is contingent upon Busey Bank being the successful bidder and the court confirming the sale. The purchase would then be completed and, upon receiving clean title to the property, the City would proceed to demolish the structure and clear the site at an estimated cost of \$14,500. The property would then be available for the future development of affordable housing.

Options

1. Approve the Ordinance Authorizing the Purchase of Certain Real Estate (1205 West Beslin Street).
2. Approve the Ordinance Authorizing the Purchase of Certain Real Estate (1205 West Beslin) with amendments.
3. Do not approve the Ordinance.

Fiscal Impacts

There would be no major fiscal impacts. Property acquisition in support of new construction and relocation/clearance/maintenance and disposition activities have been approved and budgeted through the Annual Action Plan for Fiscal Year 2010-2011 by the Community Development Commission and City Council. The total estimated cost to purchase the property and clear the site is \$20,890, which is within the budget for the program in FY 2010-2011.

Recommendations

Staff recommends that the Urbana City Council approve the Ordinance authorizing the purchase of the property for the future development of affordable housing.

Memorandum Prepared By:

**Randy Burgett
Housing Rehabilitation
Coordinator**

Attachments

1. AN ORDINANCE AUTHORIZING THE PURCHASE OF CERTAIN REAL ESTATE (1205 West Beslin Street).
 - a. Sales Contract
2. Photo of Property.
3. Site Location Map.

ORDINANCE NO. 2010-09-082

AN ORDINANCE APPROVING THE
PURCHASE OF CERTAIN REAL ESTATE

(1205 West Beslin Street)

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

Section 1. That an Ordinance approving the Contract for the purchase
of 1205 West Beslin Street, Urbana, Illinois legally described below in
substantially the form of the copy of said Contract attached hereto, be and
the same is hereby approved:

The West 33 feet of Lot 2 and the East 16.5 feet of Lot 3, all in
Block 25 in Seminary Addition to Urbana, as per plat recorded in
Deed Record "Y" at Page 208, situated in Champaign County,
Illinois.

PIN: 91-21-07-410-006

More commonly known as 1205 West Beslin Street, Urbana, Illinois

Section 2. That the Mayor of the City of Urbana, Illinois, be and the
same is hereby authorized to execute and deliver and the City Clerk of the
City of Urbana, Illinois, be and the same is authorized to attest to said
execution of said Contract as so authorized and approved for and on behalf of
the City of Urbana, Illinois.

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

REAL ESTATE CONTRACT

This Real Estate Contract (the "Contract") is made and entered this _____ day of _____, 2010 by and between the City of Urbana, Champaign County, Illinois ("BUYER" or sometimes "City") and Busey Bank, an Illinois Banking Corporation ("SELLER").

W I T N E S S E T H:

WHEREAS, SELLER is attempting to perfect its title to certain real estate as later more specifically described in this Contract; and

WHEREAS, BUYER desires to purchase said real estate on such terms and conditions as are provided for herein.

NOW, THEREFORE, in consideration of the representations, promises, covenants, agreements and undertakings set forth in this Contract, SELLER and BUYER hereby agree as follows:

Section 1. Sale. SELLER agrees to sell the following real estate, together with all improvements and appurtenances (if any), situated in the City of Urbana, Champaign County, Illinois, the legal description of which is:

The West 33 feet of Lot 2 and the East 16.5 feet of Lot 3, all in Block 25 in Seminary Addition to Urbana, as per plat recorded in Deed Record "Y" at Page 208, situated in Champaign County, Illinois.

PIN: 91-21-07-410-006

More commonly known as **1205 West Beslin Street, Urbana, Illinois**

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

Section 2. Special Note - SELLER Foreclosure Contingency. The BUYER is fully aware that as of the execution of this contract, Busey Bank is not the owner, but is engaged in a foreclosure action intended to bring Busey Bank into possession and ownership. This contract is expressly contingent upon Busey Bank being the successful bidder at the sheriff sale and the court confirming said sale. Further, as mortgagee, Busey Bank has no specific or detailed information concerning the condition or history of the premises and the property is sold "as is" with no warranty of any kind, whether express or implied.

Section 3. Payments to SELLER.

(a) **Purchase Price.** BUYER agrees to pay to SELLER at closing the sum of **Three thousand five hundred ninety and no/100 [\$3,590.00] dollars**. The real estate is sold subject to all real estate taxes.

Section 4. Leases. SELLER affirms that the structure on 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.

Section 5. Evidence of Title. BUYER shall, within a reasonable time, order a commitment for title insurance (ALTA form) issued by a title insurance company regularly doing business in the county where the Real Estate is located, committing the company to issue a policy in the usual form insuring title to the Real Estate in BUYER's name for the amount of the purchase price. BUYER shall be responsible for payment of the owner's premium and SELLER's search charges.

Permissible exceptions to title shall include only the lien of general taxes and special assessments; zoning laws and building ordinances; easements, apparent or of record; and covenants and restrictions of record which do not restrict reasonable use of the Real Estate. If title evidence discloses exceptions other than those permitted, BUYER shall give written notice of such exceptions to SELLER within a reasonable time. SELLER shall have a reasonable time to have such title exceptions removed. If SELLER is unable to cure such exception, then BUYER shall have the option to proceed with closing with no further claims, or by written notice to terminate this Contract, in which case this Contract shall be terminated and of no effect.

Section 6. Conveyance. Conveyance shall be by general warranty deed to BUYER.

Section 7. Taxes and Assessments. n/a

Section 8. Closing and Possession.

(a) Closing. The closing of this transaction shall occur on or before December 31, 2010 at 400 South Vine Street, Urbana, Illinois 61801.

(b) Possession. Possession shall be delivered to BUYER at time of closing.

Section 9. This agreement is expressly contingent upon approval by the Urbana City Council.

Section 10. Environmental Contingency. BUYER may obtain an environmental analysis of the Real Estate described in Section 1 above, and this Contract is contingent upon BUYER receiving that analysis showing no substantial environmental defects. If BUYER does not approve the environmental analysis, then BUYER shall give notice to SELLER so that the notice is received on or before 5:00 p.m. on November 15, 2010. Such notice shall indicate the substantial deficiency causing BUYER to enforce this contingency and shall indicate that BUYER chooses to terminate this Contract. If BUYER does not so provide SELLER with such notice by said time, then the contingency in this paragraph is of no effect, and the Contract will be in full force. If the City chooses to acquire the Real Estate, it agrees to take it "as is," and the

City agrees to hold SELLER harmless from any and all claims against the property or the owners of the property, if such claims are related to any environmental issue; and such agreement shall survive the closing date.

Section 11. Waiver of Disclosure. Since BUYER intends to raze the existing structure, BUYER waives the right to receive notices required by statute respecting lead paint and matters regarding condition of the building.

Section 12. Salvage Rights. BUYER intends to raze the existing building on the subject premises. It is agreed that SELLER, and only SELLER, may enter upon the subject premises after closing for the purpose of salvaging anything in or on the existing building (hereafter "Salvage Rights"). It is expressly understood, however, that BUYER neither assumes nor accepts any liability or responsibility for any injury to SELLER while SELLER is on the subject premises for this purpose; SELLER hereby expressly assumes all risk of injury to himself and agrees to indemnify and hold harmless BUYER for any amounts of money paid by the BUYER as a result of judgment or settlement, including all costs of defense, on account of injuries either only alleged or real, arising out of this privilege reserved to SELLER. The "Salvage Rights" herein granted shall expire fourteen calendar days after closing.

Section 13. Notices.

All notices to SELLER shall be addressed as follows:

Allan S. Penwell
Sr. Vice President
Commercial Documentation Group
Busey Bank
100 W. University Avenue
Champaign, IL 61820

All notices to BUYER shall be addressed as follows:

City of Urbana
Grants Management Division
400 South Vine Street
Urbana, IL 61801

All notices provided for herein shall be deemed to have been duly given, if and when deposited in the U.S. Mail, postage prepaid and addressed to SELLER at the above address, or when delivered personally to such party.

Section 14. Memorandum of Contract. BUYER may and is hereby authorized to file in the appropriate county real estate records either a copy of this Contract, or an appropriate memorandum of the existence of this Contract, identifying the Real Estate, SELLER, BUYER and a brief summary of this Contract.

Section 15. Default and Enforcement. Default under this Contract shall mean failure to timely and fully perform any term or provision hereof after proper notice. The party claiming a default on the part of the other party shall provide a written notice of that claim to the other party. The other party will have 30 days after receipt of said notice to cure said alleged default. If a cure is not reasonably possible within a 30-day cure period, then the cure period will be extended to a reasonable time, so long as the party which would otherwise be in default continues to diligently pursue the resolution of the potential default. SELLER and BUYER shall have all rights and remedies available to them in law and in equity. SELLER shall be liable for any consequential damages to the City with respect to any willful default to close on the Real Estate transaction as hereby contemplated. A willful default is defined, for the purposes of this agreement, as a refusal to continue with obligations under this agreement under circumstances where, but for the refusal of the SELLER, the transaction could otherwise be closed as hereby contemplated. No failure by SELLER or BUYER to elect to declare a default hereunder shall be deemed a waiver of their respective rights to make such election, and a waiver in one case shall not be a waiver of another. Default by SELLER or by BUYER shall entitle the non-defaulting party to claim as damages all reasonable costs, attorneys' fees and expenses incurred in connection with enforcement of this Contract, whether by suit or otherwise.

Section 16. Agreements and Binding Effect. This Contract shall be binding upon SELLER and BUYER and their respective successors and assigns, according to its tenor and import. When any term or provision of this Contract directs that any party hereto perform or undertake a particular action, such party hereby covenants and agrees to timely and fully perform. Time is the essence of this Contract.

Section 17. Execution and Counterparts. This Contract may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. By executing this Contract, the persons executing it as SELLER covenant that they are the record owners of the Real Estate, and all of the record owners thereof, and have full power and authority to so execute and deliver this Contract. Section headings are for convenience only and do not limit the effectiveness of any section.

Section 18. RESPA/TRA. SELLER and BUYER hereby agree to make all disclosures and to sign all documents necessary to allow full compliance with the provisions of the Real Estate Settlement Procedures Act of 1974, as amended, and the Tax Reform Act of 1986.

Section 19. Entirety of Agreement. This Contract contains the entire agreement between the parties and NO ORAL REPRESENTATION, warranty or covenant exists other than those herein set forth. References to singular parties shall apply to plural parties as well.

Section 20. Time of the Essence. The time for performance of the obligations of the parties is of the essence of this Contract.

Section 21. That this Agreement is binding upon successors, assignees, heirs and devisees of the parties.

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

SELLER:

Busey Bank
100 W. University Ave.
Champaign, IL 61820

BUYER:

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

BY: _____

BY: _____
Laurel Lunt Prussing, Mayor

ATTEST: _____

ATTEST: _____
Phyllis D. Clark, City Clerk

1205 Beslin Street



1205 West Beslin Street

