



DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

Grants Management Division

m e m o r a n d u m

TO: Elizabeth H. Tyler, FAICP, City Planner/Director

FROM: John A. Schneider, Manager, Grants Management Division

DATE: August 22, 2008

SUBJECT: AN ORDINANCE APPROVING THE PURCHASE OF CERTAIN REAL ESTATE (1302 West Dublin Street)

Description

Included on the agenda of the August 26, 2008 Community Development Commission meeting is a proposed acquisition of the property described as 1302 West Dublin Street in Census Tract 53. The property would be cleared and redeveloped into new affordable housing, which addresses the goal of providing decent affordable housing opportunities for low- and moderate-income households that is included in the FY 2005-2009 Consolidated Plan.

Issues

The issue is whether the Community Development Commission should forward the Ordinance to the Urbana City Council with a recommendation for approval.

Background

In the past year Building Safety and Grants Management Division staff completed a survey of properties located in the Community Development Target Area to document the City's progress towards accomplishing certain performance measurements as required by the Department of Housing and Urban Development (HUD). The survey identifies properties that do not fully comply with the City's Property Maintenance Code and that may be a nuisance or blighting influence to the surrounding neighborhood. A total of 31 properties, including the subject property, were identified in this effort to improve neighborhood appearance and enforce the City's ordinances and codes. In early 2008, staff mailed letters to the property owners notifying them of their responsibilities as owners and requesting the owners contact staff to formulate a plan to address the conditions. The letters also indicated the possibility that owner-occupied households may be eligible to receive assistance through one of the City's housing rehabilitation programs to repair their homes.

A fire took place in the house on the subject property on May 29, 2008. No one was injured in the fire as the Urbana Fire Department (UFD) quickly extinguished it. According to the UFD assessment of the property after the fire, it was determined that the structure was not acceptable or safe for human occupancy. The rooms were full of stuff, making it almost impossible to move, the ceilings were falling in, the porch was dangerous, and sewage and water had been backing up in the residence for some time.

On the day following the fire, the owner came to the Building Safety Division to meet with staff to discuss the City's concerns and the owner's options regarding mitigating the situation. During this meeting, the owner indicated that he was not interested in repairing the property, and staff discussed the possibility of the City purchasing the property to be used for affordable housing. The owner signed the informational voluntary acquisition notice allowing the City to proceed in having the property appraised and the appraisal reviewed. Since the fire, the house has not been occupied and the owner is living in another property he owns in Champaign.

The subject property is located at the corner of Mathews Avenue and Dublin Street. The parcel is 66 feet by 99 feet. A vacant two story single-family residence with a basement and a vacant one story single-family residence are located on the lot. City staff has inspected the exterior of the structures and determined them to be structurally unsound and not fit for occupancy. Because it is not cost effective to rehabilitate this property to comply with building codes, staff determined it was best to demolish the structures, resulting in a buildable lot for the City's affordable housing program.

As part of the process, staff completed title work to verify property ownership and to determine if the property is free and clear of liens and encumbrances. Both the property appraisal and appraisal review estimate the market value of the property to be \$10,500. Copies of the appraisal and review are attached for reference. After receiving the appraisal and the appraisal review, staff met with the owner and presented him with a Conditional Offer to Purchase the property, in writing, in the full amount of the appraised value.

The owner accepted the Conditional Offer to Purchase the property in the amount of the appraised value. The offer is contingent upon approval by the Urbana City Council. If approved, the purchase would then be completed and upon receiving title to the property, the City would proceed to demolish the structures and clear the site at an estimated cost of \$12,000. This would eliminate an existing hazard and neighborhood blight, while making a property available for future affordable housing development.

Options

1. Forward the Ordinance approving the Purchase of Certain Real Estate (1302 West Dublin Street) to the Urbana City Council with a recommendation for approval.
2. Forward the Ordinance approving the Purchase of Certain Real Estate (1302 West Dublin Street) to the Urbana City Council with a recommendation for approval, with suggested changes.

3. Do not recommend Council 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 2008-2009 by the Community Development Commission and City Council. The proposed purchase cost is within the budgeted amount.

Recommendations

Staff recommends that the Community Development Commission forward the Ordinance to the Urbana City Council with a recommendation for approval.

Memorandum Prepared By:

Randy Burgett
Housing Rehab Coordinator

Attachments

1. AN ORDINANCE APPROVING THE PURCHASE OF CERTAIN REAL ESTATE (1302 West Dublin Street)
2. Sales Contract
3. Appraisal and appraisal review

ORDINANCE NO. _____

**AN ORDINANCE APPROVING THE
PURCHASE OF CERTAIN REAL ESTATE**

(1302 West Dublin 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 1302 W. Dublin St., Urbana, Illinois legally described below in
substantially the form of the copy of said Contract attached hereto, be the
same is hereby approved:

The South 93 feet of Lot 10 in Block 14 of Seminary Addition to
Urbana, in Champaign County Illinois.

PIN 91-21-07-256-013

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 _____, 2008 by and between the City of Urbana, Champaign County, Illinois ("BUYER" or sometimes "City") and Lee R. McCall Sr. ("Seller").

W I T N E S S E T H:

WHEREAS, SELLER is the owner of 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 South 93 feet of Lot 10 in Block 14 of Seminary Addition to Urbana, in Champaign County Illinois.

PIN: 91-21-07-256-013

More commonly known as **1302 West Dublin Street, Urbana, Illinois**

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

Section 2. Payments to Seller.

(a) Purchase Price. BUYER agrees to pay to SELLER at closing the sum of **\$10,500.00**, less any amount to be credited to Buyer for prorations and credits allowed in this Contract.

Section 3. 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.

Section 4. Evidence of Title. Buyer shall, within a reasonable time, order a commitment for title insurance 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, or any such exception which may be removed by the payment of money may be cured by deduction from the purchase price at the time of closing. 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 5. Conveyance. Conveyance shall be by general warranty deed to Buyer with release of dower and homestead rights.

Section 6. Taxes and Assessments. General taxes and special assessments (if any) shall be paid by SELLER for annual amounts owed through the date of closing. 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 Real Estate 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.

Section 7. Closing and Possession.

(a) **Closing.** The closing of this transaction shall occur on or before September 30, 2008 at 400 South Vine Street, Urbana, Illinois 61801.

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

Section 8. This agreement is expressly contingent upon approval by the Urbana City Council.

Section 9. Special Contingencies. 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 September 22, 2008. 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 10. 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 on September 15, 2008.

Section 11. Conveyance. SELLER agrees that it shall convey to Buyer, or its nominee all right, title and interest that SELLER now has or may hereafter acquire in adjacent Kerr Avenue right-of-way.

Section 12. Notices. All notices to SELLER shall be addressed as follows:

Lee R. McCall Sr.
1210 Garden Hills Dr.
Champaign, IL 61821

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 13. 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 14. 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 15. 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 16. Amendments. This Contract may be amended from time to time, but only in writing by SELLER and BUYER.

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:

Lee R. McCall Sr.
1210 Garden Hills Dr.
Champaign, Illinois 61821

BY: _____
Lee R. McCall Sr.

ATTEST: _____

BUYER:

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

BY: _____
Laurel Lunt Prussing, Mayor

ATTEST: _____
Phyllis D. Clark, City Clerk