



DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES
ADMINISTRATION AND PLANNING DIVISION
M E M O R A N D U M

TO: Bruce K. Walden, Chief Administrative Officer
FROM: Bob Grewe, AICP, Manager, Grants Manager Division
DATE: July 2, 2001
RE: *Approval of: Ordinance Approving the Release of a Mortgage Lien and a Regulatory and Land Use Restriction Agreement Lien on 402 W. Oregon Street (as REVISED)*

Brief Description of the Issue

Urbana School District 116 has requested that the City of Urbana release two (2) liens on the property located at 402 W. Oregon Street (see attached correspondence from Carol Baker, District 116). The liens are a function of the property participating in the City's Small Rental Properties Program. The School District intends to purchase this same property to facilitate the expansion of Leal School.

Identification of the Issue(s) and Any Approvals Required

The issue before City Council is whether to approve the ordinance releasing the two liens. City Council approval is necessary for the City to execute the release of the two liens.

Background/Facts

The property at 402 W. Oregon was improved through the City's Small Rental Properties Program (SRPP).

Discussion between staff and District 116 has been ongoing since March 2000.

Participation in the program resulted in the City taking a mortgage on the property and a regulatory and land use restriction agreement. These two arrangements comprise the liens referenced in this memo.

The mortgage is for \$59,996. The mortgage and the regulatory and land use restriction agreement were initially executed on June 15, 1995. The regulatory and land use restriction agreement dictates that the property will provide affordable housing rental units for seven (7) years. The SRPP project provided for 4 rental units.

The SRPP program was administered through the Illinois Housing Development Authority (IHDA). IHDA requirements provided that the rental property must remain affordable for five (5) years. The City of Urbana extended the period to seven (7) years in its regulatory and land use restriction agreement.

The property has met the IHDA five-year affordability requirements. As such, at staff's request, IHDA has provided a letter providing their consent to release these liens (see attached letter from IHDA).

Fiscal Impact

There is no immediate fiscal impact by releasing these liens. However, by releasing the mortgage lien, the City will not realize any repayment of the mortgage should the property be sold or titled transferred.

Recommendation

At the April 24 regular meeting of the Community Development Commission, a motion was approved to recommend that the Urbana City Council waive the city liens against 402 W. Oregon St. Community Development Services staff recommends City Council approve the *Ordinance Approving the Release of a Mortgage Lien and a Regulatory and Land Use Restriction Agreement Lien on 402 W. Oregon Street.*

After the Committee meeting, staff was made aware of the opportunity to modify the language of the ordinance to clarify the following:

- **The release of the liens is in response to special circumstances and should not be considered precedent setting for any further requests, by any entity, to release liens and related affordable housing program requirements.**
- **The release of the liens further the public good related to the expansion of the Leal School facilities.**
- **The release of the liens will be executed and become come effective at such time that the Urbana School District 116 demonstrates ownership of the property at 402 W. Oregon.**

Staff concurs that this language should be inserted into the Ordinance.

Prepared by:

Bob Grewe, AICP, Manager
Grants Management Division

ORDINANCE NO. 2001-06-064

Ordinance Approving the Release of a Mortgage Lien and a Regulatory and Land Use Restriction Agreement Lien on 402 W. Oregon Street

WHEREAS, the City of Urbana provided funding through the Small Rental Properties Program to provide affordable rental units at 402 W. Oregon; and

WHEREAS, participation Small Rental Properties Program resulted in the City taking a mortgage on the property and a regulatory and land use restriction agreement that provides for affordable rental housing units for a city imposed term of seven (7) years; and

WHEREAS, the Urbana School District 116 desires to purchase the property at 402 W. Oregon for the expansion of Leal School; and

WHEREAS, the release of liens will facilitate the purchase of this property and further the public good related to the expansion of the Leal School facilities; and

WHEREAS, the release of the liens is in response to special circumstances and should not be considered precedent setting for any further requests, by any entity, to release liens and related affordable housing program requirements; and

WHEREAS, the project has met the Illinois Housing Development Authority's five (5) year, minimum affordability period; and

WHEREAS, the Illinois Housing Development Authority has provided its consent to release the liens on this property.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY

OF URBANA, ILLINOIS, as follows:

Section 1. That the City Council approves the release of the mortgage and the regulatory and land use restriction agreement on the property at 402 W. Oregon Street.

Section 2. That said release of liens will be executed and become effective at such time that the Urbana School District 116 demonstrates ownership of the property at 402 W. Oregon.

PASSED by the City Council this _____ day of

_____, _____.

AYES:

NAYS:

ABSTAINS:

Phyllis D. Clark, City Clerk

APPROVED by the Mayor this _____ day of

_____, _____.

Tod Satterthwaite, Mayor