



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 Department

DATE: February 4, 2010

**SUBJECT: ORDINANCE AUTHORIZING THE SALE OF CERTAIN REAL ESTATE,
(1405 West Beslin Street, Urbana, IL) to Habitat for Humanity of
Champaign County for Affordable Housing Development**

Description

Included on the agenda of the February 8, 2010 meeting of the Urbana City Council Committee of the Whole is an ordinance authorizing the sale of City-owned property, located at 1405 West Beslin Street, Urbana, IL to Habitat for Humanity of Champaign County (Habitat), for affordable housing development.

Issues

The issue is if the Urbana City Council should approve the ordinance and transfer the City-owned lot to Habitat.

Background

The property was acquired through the Grants Management Division's Property Acquisition Program, which is supported by Community Development Block Grant Funds. This program allows the City to purchase, clear, improve and maintain lots in order to promote and support the development of affordable housing opportunities. This is accomplished through the conveyance of such properties to not-for-profit housing developers.

In June 2009, after purchasing the property taxes, the owner of the property contacted the City to gauge the City's interest in a negotiated agreement to purchase the property. The City worked with the seller to formulate a proposed agreement in which the City was able to purchase the property, release the City's outstanding liens and gain clear title to the property. Community Development Block Grant funds set aside for property acquisition in the Annual Action Plan, were used to acquire the property. On June 22, 2009, City Council approved Ordinance Number 2009-06-069 authorizing the purchase of the property. Being able to acquire the property in this manner was a solution to a long-standing problem of an unmaintained lot in one of the City's redevelopment areas.

The subject property located at 1405 West Beslin Street is a vacant half (1/2) lot that had been a problem property for several years. This property had been neglected since the owner of record's death in 1995. In 1997, after a Court authorized City demolition of the dilapidated structure on the site, the City recorded a demolition lien on the property to recover costs. In addition to several City liens for nuisance abatement, there were other outstanding liens on the property (i.e., sanitary district, judgment, and mortgage). Previous attempts by the City to buy the property could not be completed due to the outstanding liens and the fact that the property was in an estate with no clear owner.

In October 2008, the City conveyed 1405 1/2 West Beslin Street to Habitat for affordable housing development. If the adjacent lot at 1405 West Beslin is conveyed to Habitat, they can decide to combine the two half lots into a single lot and build a single home, or construct two homes with a common wall (zero lot line development) on the site, or construct a separate home on each of the lots. There are many half-width lots in the neighborhood, and the new homes would be similar in size as other homes in this older residential neighborhood.

The attached sales contract requires Habitat to construct affordable housing on the site for sale to a low-income household by no later than December 30, 2012. The City of Urbana has supported affordable housing development by Habitat in the past by providing a number of lots on which Habitat has built single-family, owner-occupied homes. Since its inception, the local Habitat Chapter has constructed more than 20 affordable homes in Urbana, primarily in the King School, Woodland Park, and East Water Street neighborhoods. Conveying this lot, which is located in King School Neighborhood in Census Tract 53, will continue the support of Habitat's affordable housing development in Urbana.

The ordinance, contract, and legal documents for the proposed transfer are similar to those previously used to convey City-owned properties to not-for-profit organizations and are attached to this memorandum for reference. The City would transfer the property by recording a warranty deed in favor of Habitat with the Champaign County Recorder of Deeds. In order to ensure that the City is protected in case of default by Habitat, a Quit Claim Deed, executed by Habitat in favor of the City, will be placed in escrow with the Department of Community Development Services who will serve as the Escrow Agent. Once construction of each home is completed and a Certificate of Occupancy is issued, the escrow agent will destroy the Quit Claim Deed. If Habitat has not begun construction of affordable housing on the subject property as of September 30, 2012, the City may record the Quit Claim Deed and recover ownership of the property.

The contract documents include a land-use restriction agreement between the homebuyer and the City to ensure that each home constructed will remain affordable to income-qualified families for a period of ten years (i.e., the affordability period). Based on acquisition and site preparation costs incurred by the City, the affordability period for this lot is ten years. Only income-qualified families may purchase and reside in the home to be built on the lot.

Options

1. Approve the Ordinance Authorizing the Sale of Certain Real Estate (1405 West Beslin) to Habitat for Humanity of Champaign County.
2. Approve the Ordinance with changes.
3. Do not approve the ordinance.

Fiscal Impacts

Conveying this lot to Habitat would eliminate lot maintenance costs that would be incurred by the Community Development Block Grant Program. The house constructed at this site would generate real estate taxes and will likely have a positive effect on surrounding property values. If the lot is not conveyed to Habitat, the City would continue to incur cost of ongoing maintenance.

Recommendations

At its January 26, 2010 meeting the Urbana Community Development Commission voted unanimously to forward the Ordinance to the Urbana City Council with a recommendation for approval (copy of unapproved minutes attached).

Staff recommends approval of the Ordinance.

Memorandum Prepared By:

Randy Burgett
Housing Rehabilitation Coordinator
Grants Management Division

Attachments:

1. Site Map Location of Property 1405 West Beslin Street
2. AN ORDINANCE AUTHORIZING THE SALE OF CERTAIN REAL ESTATE (1405 W. Beslin Street)
 - a. Sales Contract (with the following attachments)
 1. Attachment A - Land Use Restriction Agreement
 - b. Warranty Deed
 - c. Quit Claim Deed
3. Unapproved minutes from the Community Development Commission Meeting on January 26, 2010

ORDINANCE NO. 2010-02-008

**AN ORDINANCE AUTHORIZING THE
SALE OF CERTAIN REAL ESTATE**

(1405 West Beslin Street)

WHEREAS, Subsection (a), entitled "Sale of real estate," of Section 2-118, entitled "Purchase, sale, lease, etc., of real estate," of the Code of Ordinances, City of Urbana, Illinois, provides that any real estate owned by the City of Urbana may be sold in any manner prescribed by the City Council in an ordinance authorizing such sale; and

WHEREAS, the requirements of said Subsection (a) of Section 2-118 for a public hearing and for the required notice for such public hearing do not, pursuant to the terms thereof, apply to the sale of residential property acquired under the Community Development Program; and

WHEREAS, the City Council desires to sell the real estate commonly known as 1405 West Beslin Street, which said property has heretofore been acquired under the Community Development Program, in accordance with said Subsection (a) of Section 2-118 and the policy heretofore established with respect thereto; and

WHEREAS, the City Council expressly finds and declares that said real estate is not needed for governmental purposes or proprietary activity of the City of Urbana.

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

Section 1. That the Contract for Sale of Real Estate by and between the City of Urbana, Illinois, and Habitat for Humanity of Champaign County, a copy of which said Contract is attached hereto and incorporated herein by reference, be and the same is hereby authorized and approved.

Section 2. The Mayor of the City of Urbana, Illinois, be and the same is hereby authorized to execute said Contract in substantially the form attached hereto together with all necessary deeds and documents required by said Contract for and on behalf of the City of Urbana, Illinois.

Section 3. The Mayor of the City of Urbana, Illinois, be and the same is hereby authorized to execute minor modifications and extensions of time set forth in the said Contract 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



SUBJECT PROPERTY
1405 West Beslin Street

CONTRACT FOR SALE OF REAL ESTATE

This Contract made and entered into this _____ day of _____, 2010, by and between the City of Urbana, Illinois, a municipal corporation of the State of Illinois (hereinafter referred to as Seller), and Habitat for Humanity of Champaign County, an Illinois not-for-profit corporation (hereinafter referred to as Buyer).

WITNESSETH:

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

1. Sale. Seller agrees to sell and convey, and Buyer agrees to buy, the following described parcel of real estate:

DESCRIPTION OF REAL ESTATE:

The East Half of Lot 3 in Block 27 of the Seminary Addition to Urbana, situated in Champaign County, Illinois:

PIN: 91-21-07-401-005

Commonly known as 1405 W. Beslin, Urbana, Illinois;

(hereinafter referred to as Subject Property).

2. Purchase Price. Seller agrees to convey title to Subject Property for One Dollar (\$1.00) and other consideration as described herein.
3. Evidence of Title. Within a reasonable time, Seller shall select and deliver one of the following to Buyer as evidence of title:
 - a. A copy of the title insurance policy issued to the City in connection with acquisition of Subject Property by the City; the City warrants that it has done nothing to encumber Subject Property since its acquisition of Subject Property; or
 - b. A commitment of 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 Subject Property to Buyer for the amount of the Seller's purchase price or the minimum amount of title insurance, whichever is greater.

Permissible exceptions to title shall include only the lien of general taxes; zoning laws and building ordinances; easements, apparent or of record, which do not

underlie the improvements, if any; and covenants and restrictions of record which are not violated by the existing improvements or the present use of the property and which do not restrict reasonable use of the property.

Buyer shall point out in writing to Seller within a reasonable time after receipt of the evidence of title any objections that Buyer may have thereto and unless so pointed out the evidence of title shall be conclusively presumed to be accepted by Buyer.

Seller shall have a reasonable time to cure any objections actually interfering with or impairing the merchantability of the title to Subject Property. If Seller is unable to cure such objections and is unable to procure a title policy insuring over such objections, then Buyer shall have the option to terminate the Contract.

The evidence of title and title insurance shall be at the sole expense of the Seller.

4. Conveyance. Seller agrees to convey Subject Property to Buyer by good and sufficient Warranty Deed, subject to current general taxes, covenants, conditions, restrictions, easements apparent or of record, and to all applicable zoning laws and ordinances.

Buyer agrees to construct Affordable Housing for households at or below eighty percent (80.0%) of the median family income based upon family size, for Champaign County, Illinois as determined by HUD, and as certified by the City of Urbana, Grants Management Division: hereinafter "Affordable Housing"

At the time of closing of this transaction, a Warranty Deed from Seller in favor of Buyer shall be recorded with the Champaign County Recorders' Office and delivered to Buyer.

At the same time, a Quit Claim Deed from Buyer in favor of Seller shall be placed in escrow with the City of Urbana Department of Community Development Services (hereinafter referred to as "(Escrow Agent)").

In the event that Buyer constructs Affordable Housing on Subject Property and is issued a Certificate of Occupancy for said Affordable Housing by the Urbana Building Safety Division on or before December 30, 2012, or on or before the date established in any modification to this Contract, the Escrow Agent shall destroy said Quit Claim Deed.

In the event that Buyer has not started construction of Affordable Housing on Subject Property as of September 30, 2012, or as of the date established in any modification to this Contract, the Escrow Agent shall release said Quit Claim Deed to Seller.

In the event that Buyer has begun construction of Affordable Housing on Subject Property as of December 30, 2012, or as of the date established in any modification to this Contract, but has not received a Certificate of Occupancy for said Affordable Housing as

of that date, Seller retains the right to pay Buyer, in care of the Escrow Agent, an amount equivalent to the value of improvements in place on Subject Property as of December 30, 2012, or as of the date established in any modification to this Contract, taking credit against said amount for any outstanding liens or encumbrances against Subject Property, said liens including real estate taxes prorated up to the date Seller assumes possession under this paragraph, and for any fees or professional expenses incurred by the Seller as a result of the assumption of the Subject Property under this paragraph. Said value shall be certified to both Buyer and Seller by an architect licensed by the State of Illinois, doing business in Champaign County, Illinois and mutually acceptable to Buyer and Seller. The Escrow Agent shall deliver said payment to Buyer, and release and record said Quit Claim Deed with the Champaign County Recorders Office and deliver to the Seller.

Any and all escrow charges shall be paid by Buyer.

5. Taxes and Assessments. Seller shall pay all special assessments confirmed prior to the date of this Contract and real estate taxes assessed against Subject Property for 2009 payable in 2010 up to the date of possession. Buyer shall pay all special assessments and real estate taxes assessed against Subject Property after the date of possession

Buyer shall promptly pay all bills for utilities and taxes associated with Buyer's possession and use of Subject Property, including but not limited to water, gas, electric, cable television, sewage treatment, and sewer benefit taxes.

6. Condition of Subject Property. Buyer agrees to accept Subject Property in its "as-is" condition, and Seller disclaims all warranties express or implied as to the condition of Subject Property.
7. Compliance with Development Codes. Any Affordable Housing constructed pursuant to this Contract shall be constructed in accordance with all applicable land development, zoning, and building codes, and the visitability standards of the City of Urbana, Illinois, and with any and all covenants recorded for the subdivision in which Subject Property is located. Buyer shall be responsible for obtaining and paying for all permits required under said codes.
8. House Design. Any Affordable Housing constructed pursuant to this Contract shall be substantially compatible in design and quality of construction with drawings previously submitted by Buyer to the City of Urbana. Prior to issuance of any building permit by the Building Safety Division of the City of Urbana, Illinois, the Grants Management Division Manager of the Department of Community Development Services of the City of Urbana, Illinois, acting on behalf of the City, may request alterations to the proposed house design so as to comply with this Section.
9. Use of Subject Property. The primary purpose of Buyer activities undertaken pursuant to this Contract shall be construction of Affordable Housing for sale to a low-income

household through the Buyer's Homeownership Program. To ensure, a Land- Use Regulatory Agreement in substantially the form set forth as ATTACHEMENT A to this contract must be signed by all grantees to whom Habitat for Humanity conveys the subject parcel and recorded at the time of closing of such transaction. The City of Urbana Indirect Homebuyer Assistance Land-Use Regulatory Agreement attached hereto and incorporated herein, is an essential part of this contract.

10. Limitation on Subsequent Sale of Subject Property. Any Affordable Housing constructed by Buyer on Subject Property pursuant to this Contract may subsequently be sold by Buyer only to a family having income at or below 80 percent of median family income for Champaign County based on household size. Applicable income limits are those certified by the Grants Management Division Manager of the Department of Community Development Services of the City of Urbana, Illinois, acting on behalf of the City, to be in effect at the time Buyer accepts a household into its Homeownership Program. Buyer shall keep record of compliance with this Section on file for inspection by representatives of the City and the U.S. Department of Housing and Urban Development.
11. Property Maintenance. Buyer agrees to keep Subject Property properly mowed and free of excess vegetation and debris at all times from the date of this contract. Buyer shall neither suffer nor commit any waste on or to Subject Property. Buyer agrees to promptly respond to any notices received from the City of Urbana, Illinois, with regard to violation of the City's nuisance codes and to promptly correct any violation cited by said City. Buyer shall promptly pay all bills or charges incurred for materials, services, labor, or other like items that may create encumbrances against Subject Property. Buyer will become responsible for all property maintenance as of the date of this Contract.
12. Construction Schedule. Buyer agrees to construct Affordable Housing on Subject Property such that a Certificate of Occupancy is issued by the Urbana Building Safety Division on or before December 30, 2012, or, on or before a date established in any modification to this Contract.
13. Storage of Building Materials. Building materials needed to construct Affordable Housing pursuant to this Contract shall be stored within property lines and shall not be placed in the public right-of-way.
14. Seller Held Harmless. Buyer agrees to indemnify and hold Seller, its officers, agents, and employees, harmless for any liability or damages of any nature or kind concerning undertaking of any activity pursuant to this Contract, including reasonable attorneys' fees incurred in defending against any such claim.
15. Assignment. Buyer shall not assign this Contract without prior written consent of Seller to such assignment; provided, however, that Seller shall not unreasonably withhold such consent and further provided that no such assignment shall act as a discharge or release of Buyer's liability under this Contract.

16. Possession. City shall deliver possession of Subject Property to Buyer concurrently with closing of this transaction.
17. Default. If Buyer fails to perform any obligation imposed upon it by this Contract, Seller may serve written notice of default upon Buyer and if such default is not corrected within ten (10) days thereafter, this Contract shall terminate. In the event of failure of Seller to perform obligations imposed upon it by this Contract, Buyer may terminate this Contract upon similar notice served upon Seller and similar expiration of time period. The foregoing remedies in the event of default are not intended to be exclusive, and the parties shall have the right to all other lawful remedies, including specific performance. Default by Seller or Buyer shall entitle the non-defaulting party to claim as damages all reasonable costs, attorneys' fees, and expenses in connection with enforcement of this Contract.
18. Notices. Any notice required under this Contract to be served upon Seller or Buyer shall be mailed by certified mail to such parties at the address shown herein following their signatures, or at such other place as the parties may from time to time designate in writing.
19. Modification. No modification or extension of this Contract shall be effective unless in writing and executed by the parties hereto.
20. Terms Binding. All terms of this Contract shall be binding upon the heirs, legatees, devisees, representatives, and assignees of the parties.

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

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

Phyllis D. Clark, City Clerk

BY:

Laurel Lunt Prussing, Mayor

ATTEST:

BUYER:
Habitat for Humanity of
Champaign County
P.O. Box 1162
119 E. University
Champaign, Illinois 61824

BY:

Executive Director

ATTEST:

ATTACHMENT A

**CITY OF URBANA
INDIRECT HOMEBUYER ASSISTANCE
LAND-USE REGULATORY AGREEMENT**

THIS LAND-USE REGULATORY AGREEMENT (the “Agreement”) is made and entered into as of this _____ day of _____, 20___, by and between _____ (the “Grantee”), and the City of Urbana, Illinois, a unit of local government having its principal offices at 400 South Vine Street, Urbana, Illinois 61801 (the “Grantor”).

RECITALS

- A. The Grantor receives funds to promote affordable housing from the U.S. Department of Housing and Urban Development (“HUD”) through the HOME Investment Partnerships Program (the “HOME Program”), as authorized by Title II of the National Affordable Housing Act of 1990 (P.L. 101-165) (the “HOME Act”) and the regulations promulgated thereunder and codified at 24 CFR Part 92 (the “HOME Regulations”), as may be amended and supplemented from time to time. All capitalized terms used herein and not otherwise defined shall have the meaning established in the HOME Act and the HOME Regulations.
- B. The Grantor receives funds to promote affordable housing from HUD through the Community Development Block Grant Program (the “CDBG Program”), as authorized by the Housing and Community Development Act of 1974 (the “CDBG Act”) and the regulations promulgated thereunder and codified at 24 CFR Part 570 (the “CDBG Regulations”), as may be amended and supplemented from time to time. All capitalized terms used herein and not otherwise defined shall have the meaning established in the CDBG Act and the CDBG Regulations.
- C. The Grantor has elected to utilize funds from the **CDBG** Programs to promote homeownership to low-income families through which the Grantor acquired and prepared property commonly known as 1405 W. Beslin, Urbana, Illinois, more particularly described in Exhibit A (the “Property”) for conveyance to Habitat for Humanity of Champaign County (hereinafter “Habitat”) for use in Habitat’s new-construction homeownership program.
- D. The Grantor has determined that the rights and restrictions granted herein to the Grantee serve the public’s interest in the creation and retention of affordable housing for low-income persons and families in the restriction of whom the Property may be resold to in order to assure the property’s affordability by future low-income purchasers.

- E. Pursuant to City of Urbana Community Development Department Policy, eligible purchasers such as the Grantee are given the opportunity to purchase the Property through Habitat below the property's appraised fair market value if the Grantee agrees to convey the property on resale to an income eligible purchaser.

NOW, THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto covenant and agree as follows:

1. **RECITALS.** The foregoing recitals are made a part of this Agreement.
2. **GENERAL CONDITIONS.** This Agreement shall be subject to, and Grantee agrees to comply with the terms and conditions of the HOME and CDBG Acts and Regulations, as amended and supplemented from time to time.
3. **GRANTEE CERTIFICATIONS.** The Grantee certifies to the Grantor the following.
 - (a) **Title.** Habitat has transferred ownership of the Property to the Grantee. Grantee holds fee simple title to the Property.
 - (b) **Residence.** Grantee will use the Property as Grantee's primary place of residence for a period of ten (10) years from the date of this Agreement.
 - (c) **Household Income.** At the time of purchase, the Grantee's family income does not exceed eighty percent (80.0%) of the median family income based upon family size, for Champaign County, Illinois as determined by HUD, and as certified by the City of Urbana, Grants Management Division.
4. **AFFORDABILITY REQUIREMENTS.** The Grantee agrees that this Agreement shall restrict the subsequent sale of the Property to a household having income at or below eighty percent (80.0%) of the median family income based upon family size, for Champaign County, Illinois as determined by HUD, and as certified by the City of Urbana, Grants Management Division.

This requirement will terminate ten (10) years from the date of this Agreement.
5. **ACTS REQUIRING GRANTOR'S APPROVAL.** Grantee shall not convey or transfer or encumber the Property, or permit the conveyance or transfer of the Property or any part thereof without the written approval from the Grantor.

In order to transfer the Property, the Grantor must document the household income of any new buyer to ensure that the new household's income is at or below eighty (80.0%) of the median family income based upon family size for Champaign County, Illinois as determined by HUD, and as certified by the City of Urbana, Grants Management Division.

6. **PROPERTY TRANSFER.** If Grantee transfers ownership of the Property during the affordability period as defined in Section 4, and the Property is transferred to a low-income family as defined in Section 5, the Grantee will be allowed to retain all sales proceeds.
7. **FORECLOSURE.** The income-eligibility of subsequent purchasers and affordability restrictions applicable to this Property do not terminate after foreclosure on this Property.
8. **VIOLATION OF AGREEMENT BY GRANTEE.** Upon violation of the affordability requirements of this Agreement by the Grantee, Grantor shall give written notice thereof to Grantee. If such violation is not corrected to the satisfaction of Grantor within thirty (30) days after the date such notice is mailed, or within such further time as the Grantor in its sole discretion permits (but if such violation is of a nature that it cannot be cured within such thirty (30) day period, then so long as the Grantee commences to cure within such thirty (30) day period and diligently pursues such cure to completion within a reasonable period not to be considered a violation), Grantee may declare a default under this Agreement, effective on the date of such declaration of default and notice thereof to the Grantee, and upon such default Grantor may:
 - (a) Require that the Property be purchased by a household that meets the affordability requirements in Section 4.
 - (b) Require that the Grantee pay the Grantor an amount equal to the land value as determined by the most recent tax assessment.
9. **TERMS OF AGREEMENT; COVENANTS RUN WITH PROPERTY.** The requirements and agreements set forth in this Agreement shall be deemed to run with, bind, and burden the Property and shall be deemed to bind any New Buyer and any other future owners of the Property and the holder of any legal, equitable, or beneficial interest therein for the Affordability Period.
10. **INDEMNIFICATION.**
 - (a) The Grantee shall indemnify the Grantor and the Grantor's officers, agents, employees, or servants against, and hold them harmless from, liabilities, claims, damages, losses, and expenses, including but not limited to, legal defense costs, attorneys' fees, settlements, or judgments, whether by direct suit or from third parties, arising out of the Grantee's purchase of the Property in any claim or suit brought by a person or third party against the Grantor or the Grantor's officers, agents, employees, or servants.
 - (b) If a claim or suit is brought against the Grantor or the Grantor's officers, agents, employees, or servants, for which the Grantee is responsible pursuant to Subsection (a) above, the Grantee shall defend, at the Grantee's cost and expense, any suit or claim, and shall pay resulting claims, judgments, damages, losses, costs expenses, or settlements against the Grantor or the Grantor's officers, agents, employees, or servants.

EXHIBIT A

LEGAL DESCRIPTION

DESCRIPTION OF REAL ESTATE:

The East Half of Lot 3 in Block 27 of the Seminary Addition to Urbana,
situated in Champaign County, Illinois:

PIN: 91-21-07-401-005

Commonly known as 1405 W. Beslin, Urbana, Illinois;

WARRANTY DEED

THIS INDENTURE WITNESSETH, that the Grantor, THE CITY OF URBANA, ILLINOIS, a municipal corporation duly organized and existing under and by virtue of the laws of the State of Illinois, for and in consideration of One Dollar (\$1.00) and other good and valuable consideration, the receipt of which is hereby acknowledged, and pursuant to authority given by the City Council of the City of Urbana, Illinois, by virtue of Ordinance No. _____, CONVEYS AND WARRANTS to Habitat for Humanity of Champaign County, an Illinois not-for-profit corporation, the following described real estate, to-wit:

DESCRIPTION OF REAL ESTATE

The East Half of Lot 3 in Block 27 of the Seminary Addition to Urbana, situated in Champaign County, Illinois:

PIN: 91-21-07-401-005

Commonly known as 1405 W. Beslin, Urbana, Illinois;

Subject to:

- (1) Real estate taxes for the year 2009 and subsequent years;
- (2) Covenants, conditions, restrictions, and easements apparent or of record;
- (3) All applicable zoning laws and ordinances.

IN WITNESSETH, said Grantor has caused its corporate seal to be affixed, and has caused its name to be signed to these presents by LAUREL LUNT PRUSSING, its Mayor, and attested by Phyllis D. Clark, its City Clerk, this ____ day of _____, 2010.

CITY OF URBANA, ILLINOIS

By: _____
Laurel Lunt Prussing, Mayor

ATTEST:

By: _____
Phyllis D. Clark, City Clerk

STATE OF ILLINOIS)
) SS.
COUNTY OF CHAMPAIGN)

I, the undersigned, a Notary Public in and for said County in the State aforesaid, DO HEREBY CERTIFY that LAUREL LUNT PRUSSING, personally known to me to be the Mayor of the City of Urbana, Illinois, the GRANTOR, and PHYLLIS D. CLARK, personally known to me to be the City Clerk of the City of Urbana, Illinois, and personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that as Laurel Lunt Prussing, Mayor, and Phyllis D. Clark, City Clerk, they signed and delivered the said instrument and caused the corporate seal of the City to be affixed thereto, pursuant to authority given by the City Council of said City by virtue of Ordinance No. _____ as their free and voluntary act, and as the free and voluntary act and deed of said City, for the uses and purposes therein set forth.

Given under my hand and Notarial Seal this ____ day of _____, 2010.

Notary Public

Exempt under provisions of Paragraph (b), Section 4, Real Estate Transfer Act (35 ILCS 305/4(b)).

Deed Prepared By:
Jack Waaler, Special Counsel
City Attorney's Office
City of Urbana
400 South Vine Street
Urbana, Illinois 61801

Return Deed, Send Tax Bill To:
Habitat for Humanity of
Champaign County
P.O. Box 1162
119 E. University
Champaign, Illinois 61824

QUIT CLAIM DEED

THIS INDENTURE WITNESSETH, that the Grantor, Habitat for Humanity of Champaign County, an Illinois not-for-profit, for and in consideration of One Dollar (\$1.00) and other good and valuable consideration, the receipt of which is hereby acknowledged, CONVEYS AND QUIT CLAIMS to THE CITY OF URBANA, ILLINOIS, a municipal corporation, of 400 South Vine Street, in the City of Urbana, County of Champaign, and the State of Illinois, all interest in the following described real estate, to wit:

DESCRIPTION OF REAL ESTATE

The East Half of Lot 3 in Block 27 of the Seminary Addition to Urbana, situated in Champaign County, Illinois:

PIN: 91-21-07-401-005

Commonly known as 1405 W. Beslin, Urbana, Illinois;

Subject to:

- (1) Real estate taxes for the year 2009 and subsequent years;
- (2) Covenants, conditions, restrictions, and easements apparent or of record;
- (3) All applicable zoning laws and ordinances.

Situated in the County of Champaign and State of Illinois hereby releasing and waiving all rights under and by virtue of the Homestead Exemption Laws of the State of Illinois.

Dated this _____ day of _____, 2010.

By: _____
Executive Director

ATTEST:

By: _____



UNAPPROVED INCOMPLETE
MINUTES
COMMUNITY DEVELOPMENT COMMISSION MEETING
Tuesday, January 26, 2010, City Council Chambers
400 South Vine Street, Urbana, IL 61801

Call to Order: Chairperson Cobb called the meeting to order at 7:00 p.m.

Roll Call: Connie Eldridge called the roll. A quorum was present.

Commission Members Present: Fred Cobb, Janice Bengtson, Chris Diana, George Francis, Theresa Michelson, Brad Roof, Anne Heinze Silvis, Dennis Vidoni

Commission Members Absent: Jerry Moreland

Others Present: John Schneider, Kelly Hartford, Jennifer Gonzalez, Randy Burgett and Connie Eldridge, Community Development Services; Sheila Ferguson & Lisa Benson, Mental Health Center (MHC) of Champaign County; Katrin Klingenberg & Keihly Moore, Ecological Construction Laboratory (e-co lab); Tami Tunnell, A Woman's Fund (AWF); Janice McAteer, Developmental Services Center (DSC); Aaron P. Smith, Homestead Corporation; Beverly Huffman, Habitat for Humanity of Champaign County; James Harris.

Approval of Minutes: *Chairperson Cobb asked for approval or corrections to the November 24, 2009 minutes of the Community Development (CD) Commission. Commissioner Vidoni moved to approve the minutes, and Commissioner Silvis seconded the motion. The motion carried unanimously.*

Petitions and Communications: None.

Staff Report: Mr. Schneider provided updates and distributed a staff memorandum. Due to weather conditions, the Neighborhood Meeting at King School was rescheduled for Thursday, January 28, at 7:00 pm. The Department of Housing and Urban Development (HUD) closed out the City of Urbana's Consolidated Annual Performance and Evaluation Report (CAPER) for Fiscal Year (FY) 2008-2009. There were no findings. HUD also indicated the City should use last year's funding allocation when preparing the budget for the Annual Action Plan for FY 2010-2011. City Council approved the Analysis of Impediments to Fair Housing Choice 2010 with some changes. Mr. Schneider and Commissioner Roof recently attended a Downstate Illinois Economic Workshop, which was a collaboration among local government entities and the University of Illinois. The Single Audit recently completed for the City CDBG program resulted in no findings.

Old Business: None.

New Business: **An Ordinance Approving Further Modifications to the City of Urbana and Urbana/Champaign/Champaign County HOME Consortium FY 2008-2009 Annual Action Plans** – Mr. Schneider stated this amendment is to allocate \$106,025 in federal FY 2009-2010 HOME funds that were allocated by HUD in excess of the amount budgeted in

the AAP. The Urbana HOME Consortium decided the best use of these additional funds was for a Consortium-Wide Tenant Based Rental Assistance (TBRA) Program that will be administered by Champaign County. The amendment also reallocates \$25,305 of Champaign County's HOME program income to its Whole House Rehabilitation Program (\$10,805) and a new program, Lot Acquisition (\$14,500).

Commissioner Vidoni asked about feedback concerning the reallocation of funds for the TBRA Program. Mr. Schneider noted there was no attendance at the first of two public hearings; however, this was discussed during the Consolidated Plan Neighborhood Hearings. Commissioner Vidoni wondered if the amount of funding (\$106,025) was meeting the needs articulated at earlier public hearings. Mr. Schneider responded Champaign County has a waiting list for the TBRA Program, and this action was "going in the right direction." Since 2005 the total of all funds allocated for the TBRA Program will be close to \$500,000.

In response to Commissioner Roof, Mr. Schneider described Champaign County's No Limits Program, which will receive TBRA funds. Case workers work with clients to achieve self-sufficiency. Participants make rental co-payments based on a percent of their income. Mr. Schneider will invite Darlene Kloepfel, Champaign County Regional Planning Commission (RPC), to attend a CD Commission meeting and explain this program.

In response to Commissioner Diana, Mr. Schneider stated the lot identified for acquisition is zoned for a duplex and is located in the Dobbins Downs subdivision. This is in unincorporated Champaign County. This will be the first Community Housing Development Organization (CHDO) project done in Champaign County.

Commissioner Vidoni moved to recommend to City Council approval of an Ordinance Approving Further Modifications to the City of Urbana and Urbana/Champaign/Champaign County HOME Consortium FY 2008-2009 and FY 2009-2010 Annual Action Plans. Commissioner Francis seconded the motion, and the motion carried unanimously.

An Ordinance Authorizing the Sale of Certain Real Estate (1405 West Beslin Street) – Randy Burgett explained this property will be donated to Habitat for Humanity. In June 2009 the seller purchased the property taxes and then contacted the City of Urbana. City purchased the property with Community Development Block Grant (CDBG) funds and then worked to release the outstanding liens. This is a solution to a long standing vacant problem property, which was neglected since the death of the owner in 1995.

Since the City transferred the adjacent lot (1405 ½ West Beslin Street) to Habitat in 2008, there are several options. Habitat must decide whether to build two single family homes on the two half lots, or build one duplex or a large single family house on the larger lot. The deadline is December 2012. Chairperson Cobb asked if all liens were removed. Mr. Burgett answered yes, the City has clear title to the property.

Commissioner Michelson moved to recommend to City Council approval of an Ordinance Authorizing the Sale of Certain Real Estate (1405 West Beslin Street) to Habitat for Humanity. Commissioner Bengtson seconded the motion, and the motion carried unanimously.

Review of Community Development Block Grant (CDBG) grant applications for funding for Fiscal Year 2010-2011 to be included in the FY 2010-2011 Draft Annual Action Plan –

Kelly Hartford announced that three agencies submitted a total of four applications, and the copies include staff's scoring. Agency representatives then presented their applications to the CD Commission.

A Woman's Fund – Foundation repair, Heating Ventilation and Air Conditioning (HVAC) system replacement – Tami Tunnell, Executive Director of A Woman's Fund, distributed a project budget and a bid proposal for drainage issues at A Woman's Place (emergency shelter) from R&D Ground Services. The application is to complete the drainage project, repair the foundation, install a ground swale, add gutters and downspouts, install two sump pumps, replace the water heaters, and upgrade the HVAC system. The priority is addressing the drainage issue and augmenting the work already done.

Commissioner Vidoni was concerned that AWF's two previous projects with the City of Urbana were not closed out. Ms. Tunnell explained the work was completed on the first project, while the second needed to be rebid to be compliant with the American with Disabilities Act (ADA). Commissioner Vidoni stressed that HUD needs timely completion of projects.

Ms. Tunnell clarified that although AWP will accept clients of any income, most recent clients have had extremely low incomes. In response to Commissioner Michelson, she noted the shelter and administrative offices total 12,000 square feet. There are 10 bedrooms which hold 40 people at one time. Commissioner Diana requested clarification of the amounts. Ms. Tunnell reviewed the figures and noted this was a verbal estimate, not a bid.

Prairie Homes, Inc. – Interior Repairs to Hartle Group Home – Janice McAteer, Director of Development, explained that Prairie Homes is the managing corporation for the Developmental Services Center (DSC) group home in Urbana. Because the group home is a HUD project, HUD required a separate managing corporation that supports the mission of the DSC. She invited commissioners to visit the group home.

Funds will be used to redo the kitchen, which has not been upgraded for 20 years. Because the current sink and dishwasher are still good, they will be reinstalled. Also, the toilets will be replaced with heavy duty flushing toilets.

In response to Commissioner Michelson, Ms. McAteer reviewed DSC's financial situation in light of the State of Illinois lack of payments to social service agencies. DSC has minimized costs and has a line of credit to operate. DSC may need to lower services and further reduce staff rather than close its doors.

Mental Health Center (MHC) of Champaign County – Lincolnshire Adult Group Home – Sheila Ferguson, CEO, reviewed both applications. The MHC will replace the roof and do foundation work on the front brick facing wall. Due to confusion about the 25% match, she clarified that the total project cost is \$29,594, and the requested amount is \$22,196. This house, which was purchased in 1995, is a 24 hour group home. It serves residents of both Champaign and Urbana, and there are few vacancies.

Mental Health Center of Champaign County – Elm Street Supported Apartments, Urbana – Ms. Ferguson clarified (also due to confusion about the 25% match) the total project cost is \$27,205, and the requested amount is \$20,404. The request is to replace windows and doors in the apartment. The apartments have provided affordable housing to eight clients since the building was purchased in 1999. She reviewed the location of the apartment and the number of windows and doors to be replaced.

Commissioner Michelson believed there were enough funds to fully fund both MHC applications. Mr. Schneider reviewed staff's recommendations, which were based on feedback and percent of Urbana residents served. Staff reduced the amount in the projected budget for the Lot Acquisition Program to accommodate the social service agency requests. Not every municipal government is funding every social service agency. After reducing the requests (based on the information regarding the inclusion of match in the original requests) staff calculated the recommended CDBG allocations. The Lincolnshire project would receive \$13,318, which is based on assisting 60% of Urbana residents served, and the Elm Street project would receive \$20,404 based on 100% Urbana residents served.

Commissioner Roof asked about the City's lot inventory for the CHDOs, program delivery, and carryover funds. Mr. Schneider noted the City only owns lots for the Kerr Avenue project and has conveyed all other lots to the nonprofit organizations for affordable housing development. The amount of program delivery is exactly the same as last year's. \$100,000 is being carried over for lot acquisition, possibly to acquire properties for the Housing Authority's redevelopment of Dunbar Court. Staff would recommend any remaining CDBG funds be added to lot acquisition to acquire other properties that become dilapidated or vacant.

Noting AWF's match calculation was not correct, Commissioner Diana suggested recalculating their grant amount. 32% of their revised project would be about \$36,480. There was discussion on whether funds should be allocated for lot acquisition or for the social service agencies. Noting the agencies are facing hard times, Commissioners Vidoni, Francis and Roof preferred to allocate any additional funds to the agencies rather than lot acquisition. Mr. Schneider stated the CD Commission can recommend different amounts. Ms. Ferguson added that a group home's calculation of Urbana residents reflects only a moment in time and that it would be better to consider the number served over time.

Mr. Schneider discussed how CDBG funding is intended to benefit citizens of Urbana and suggested looking "at the big picture." There was discussion on whether the agencies would receive funds from the City of Champaign, the State of Illinois or the Federal Government. Ms. Ferguson remarked because the MHC owns apartment buildings and houses, they are able to draw on a line of credit during these times.

Commissioner Michelson moved to recommend that the City of Urbana fund the Mental Health Center's two applications at 100% of their request as follows: \$22,196 for Lincolnshire Adult Group Home in Champaign and \$20,404 for Elm Street Supported Apartments in Urbana. Commissioner Vidoni seconded the motion. There was discussion on whether HUD would accept the funding allocations and the importance of correct figures on the applications. Although he agreed with Commissioner Diana's concern with the applications, Commissioner

Vidoni remarked these funding decisions reflected deliberations of Urbana citizens. The motion carried with 7 ayes, 1 no. The motion carried.

There was discussion whether the motion included the application for Prairie Homes Hartle Group Home, the amount of funding for A Woman's Fund, and whether percentage of Urbana population should be considered. Commissioner Diana remarked that when you abandon the percentage on one application, you abandon the percentage on all. Chairperson Cobb clarified that the motion was only for funding the MHC applications, and the recalculated amount of funding for AWF was \$34,290.

Commissioner Francis moved that it was the sense of the CD Commission that (1) any surplus funds be applied to the already decided areas of need for A Woman's Place and Prairie Homes Hartle Group Home, and (2) no additional funds be added to the already allocated sums for land acquisition. Commissioner Vidoni seconded the motion. It was clarified that Prairie Homes application was presented with 25% match. The motion carried unanimously.

Review of HOME Investment Partnership (HOME) Program grant applications for funding for FY 2010-2011 to be included in the FY 2010-2011 Draft Annual Action Plan – Mr. Schneider announced that Jennifer Gonzalez was promoted to the HOME Grant Coordinator position. Ms. Gonzalez introduced the HOME applicants.

Ecological Construction Laboratory (e-co lab) - Katrin Klingenberg and Keihly Moore reviewed their two applications. Ms. Klingenberg noted e-co lab's application for CHDO Operating Funds was marked as conditional because they had not submitted their invoices to the City. E-co lab has merged with a nonprofit national organization and has been reorganized.

Referencing e-co lab's application for CHDO Project Funds for the Kerr Avenue Affordable Passive House Development, Ms. Klingenberg stated the Kerr Avenue project was very important. It provides an example that high performance building can be done at close to the standard costs of typical construction. The first phase has 23 units, and e-co lab has started discussions with the developer. However, e-co lab cannot apply for additional funding unless the City commits HOME funds to the project. Ms. Moore added it was more cost effective and efficient to develop townhomes.

In response to Commissioner Roof, Ms. Klingenberg stated e-co lab has submitted its quarterly reports to the City. She also discussed e-co lab's hesitancy to move forward with new affordable home construction due to the current economy and difficulty finding a qualified homebuyer. Commissioner Roof asked if e-co lab had abandoned their plan to pre-sell future single family homes. Ms. Klingenberg answered no; e-co lab would do its best to find a homebuyer for a very narrow niche market. Although they have received calls, e-co lab has not started an extensive marketing campaign. She discussed reducing the cost of the homes. Due to market difficulties, e-co lab is considering multi-family retrofits.

Commissioner Vidoni stated that he concurred with the HOME Consortium's recommendation not to provide any funding for the Kerr Avenue project at this time. Even an experienced CHDO such as Homestead Corporation can get overwhelmed with very large projects. Ms. Klingenberg said that e-co lab would be a consultant to the actual developer.

In response to Chairperson Cobb, Ms. Klingenberg reviewed e-co lab's past grant applications with other grantors. She noted those grantors ask for a contract in place before committing their funds, and they would not provide any guarantees. It is a very competitive process, with grants usually going to larger developments.

In response to Commissioner Diana, Ms. Klingenberg explained that e-co lab has merged with Passive House Institute US, an Illinois nonprofit agency that was established parallel to e-co lab. This larger umbrella can apply for Building America funding beyond what e-co lab can raise in the community. E-co lab is a program under the 501(c)3 umbrella. There was discussion about whether the merger affected e-co lab's CHDO status. Although staff needed more information about this merger, Mr. Schneider believed it was similar to Urban League's CHDO, Urban League of Champaign County Development Corporation. Habitat for Humanity's anticipated CHDO status would be a similar arrangement.

Commissioner Roof inquired about e-co lab's organizational structure. Ms. Klingenberg stated it would stay the same with the same board of directors. She planned to move from Executive Director to President of the Board of Directors. E-co lab was looking to hire a full time Executive Director to work on increasing capacity.

In response to Commissioner Roof, Mr. Schneider indicated that the HOME Consortium was holding some CHDO Operating Funds in anticipation of Habitat becoming a CHDO.

Homestead Corporation of Champaign County - SECTION TO BE COMPLETED

Commissioner Francis moved that the CD Commission approve the HOME funding allocation as outlined in the staff memorandum without any changes. The recommendation is as follows:

- *CHDO Project Funds – Ecological Construction Laboratory \$0*
- *CHDO Operating Funds – Ecological Construction Laboratory \$22,500 (conditional)*
- *CHDO Operating Funds – Homestead Corporation \$22,500*
- *Reserved CHDO Operating Funds for a new CHDO - \$11,403*

Commissioner Michelson seconded the motion, and the motion carried unanimously.

Study Session: Katrin Klingenberg of e-co lab provided information related to energy cost savings of the e-co lab houses compared to homes constructed using other types of energy saving methods. The e-co lab house (Passiv Haus) saves approximately \$1,500 each year in energy costs over standard construction models.

Adjournment: Chairperson Cobb adjourned the meeting at 9:18 p.m.

Recorded by Connie Eldridge