



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 15, 2010

SUBJECT: AN ORDINANCE AUTHORIZING THE PURCHASE OF CERTAIN REAL ESTATE (909 North Harvey 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 (909 North Harvey Street). The property is a vacant lot that would be 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 (909 North Harvey Street).

Background

The Fiscal Year 2010-2011 Annual Action Plan allocated Community Development Block Grant (CDBG) funds for the project 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's 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 subject property, located at 909 North Harvey Street, is a vacant lot with dimensions of 53 feet by 100.3 feet. Purchase of the property by the City would result in a buildable lot for future affordable housing development.

During a recent meeting with City staff, Chris Saunders of Mojo Properties, LLC, the current owner of the property, expressed the desire to sell the property. As part of the acquisition process, staff ordered completion of an appraisal to determine market value of the property. According to the appraisal, the market value of the property is estimated to be \$9,000. After receiving the appraisal, staff contacted Mr. Saunders, informed him of the City's interest in purchasing the property, and subsequently agreed with Mr. Saunders on a potential purchase price of **\$8,500**, pending Urbana City Council approval.

If the proposed Ordinance Authorizing the Purchase of Certain Property (909 North Harvey Street) is approved, the closing of the purchase would be scheduled to be completed by September 30, 2010. Upon receiving title to the property, the City would have a vacant, buildable lot available for future affordable housing development.

Options

1. Approve the Ordinance Authorizing the Purchase of Certain Real Estate (909 North Harvey Street).
2. Approve the Ordinance Authorizing the Purchase of Certain Real Estate (909 North Harvey Street) 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 cost estimated to purchase the property and maintain until transferred for affordable housing is within the budgeted amount for the program.

Recommendations

Staff recommends that the Urbana City Council approve the Ordinance.

Memorandum Prepared By:

**Randy Burgett
Housing Rehab Coordinator**

Attachments

1. AN ORDINANCE AUTHORIZING THE PURCHASE OF CERTAIN REAL ESTATE (909 North Harvey Street)
 - a. Sales Contract
2. Photo of Property
3. Site Location Map

ORDINANCE NO. 2010-09-083

AN ORDINANCE APPROVING THE
PURCHASE OF CERTAIN REAL ESTATE

(909 North Harvey 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 909 North Harvey 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:

Lot 15 of O.S. Carman's Second Subdivision, as per plat recorded
in Book "I" at Page 60, situated in the City of Urbana, in
Champaign County, Illinois.

PIN: 91-21-07-280-010

More commonly known as 909 North Harvey 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 MOJO PROPERTIES a Member-Managed LLC ("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:

Lot 15 of O.S. Carman's Second Subdivision, as per plat recorded in Book "I" at Page 60, situated in the City of Urbana, in Champaign County, Illinois.

PIN: 91-21-07-280-010

More commonly known as: 909 North Harvey Street, Urbana, Illinois 61801

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

Section 2. Payments to Seller.

Purchase Price. BUYER agrees to pay to SELLER at closing the sum of **Eight Thousand Five Hundred Dollars (\$8,500.00)**, less any amounts 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. SELLER 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 BUYERS's name for the amount of the purchase price. SELLER shall be responsible for payment of the title insurance police and 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. The closing of this transaction shall occur at 400 South Vine Street, Urbana, Illinois 61801, or at any other place mutually agreeable between the parties, on or before September 30, 2010.

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 30, 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 BUYER chooses to acquire the Real Estate, it agrees to take it “as is,” and the BUYER 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. The subject property is currently a vacant unimproved residential lot. Therefore no Salvage Rights shall be granted to the SELLER.

Section 11. Conveyance. SELLER agrees that it shall convey to BUYER, or its nominee all right, title and interest that SELLER now has by a general warranty deed to the BUYER, with release of owner and homestead rights.

Section 12. Notices. 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 the respective parties as follows, or when delivered personally to such party.

SELLER:

MOJO PROPERTIES LLC
PO Box 171
Savoy, IL 61874

BUYER:

CITY OF URBANA
Grants Management Division
400 South Vine Street
Urbana, IL 61801

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 BUYER 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.

Section 22. The undersigned Jodi L. Saunders and Christopher R. Saunders represent that they are the only members of MOJO PROPERTIES LLC as of the date indicated below.

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

SELLER:

MOJO PROPERTIES LLC
PO BOX 171
SAVOY, IL 61874

BY: _____
Jodi L. Saunders Date

BY: _____
Christopher R. Saunders Date

BUYER:

City OF URBANA, ILLINOIS
400 SOUTH VINE STREETS
URBANA, ILLINOIS 61801

BY: _____
Laurel Lunt Prussing, Mayor

ATTEST: _____
Phyllis D. Clark, City Clerk

909 Harvey Street



909 North Harvey Street

