



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: March 31, 2011

SUBJECT: AN ORDINANCE AUTHORIZING THE PURCHASE OF CERTAIN REAL ESTATE (1304 West Dublin Street)

Description

Included on the agenda of the April 4, 2011 meeting of the Urbana City Council is an Ordinance Authorizing the Purchase of Certain Real Estate (1304 West Dublin Street). If approved, 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 (1304 West Dublin 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 to purchase and maintain 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 consists of a single-family residence constructed over a basement located on a 66 feet by 132 feet lot. The structure requires significant repairs to stabilize the foundation and replace the roof and to address other numerous items in order to bring it into compliance with code. Over the past several years, the City purchased and cleared 1306 and 1310 West Dublin and transferred the lots to Habitat for Humanity for use in new construction of affordable housing. More recently, the City purchased 1302 West Dublin, cleared the site and transferred the lot to Ecological Construction Laboratory, who has construction of a home underway on the lot.

On several occasions over the past few years, the owner of the subject property, located at 1304 West Dublin, has inquired if the City would also be interested in purchasing his property. Because the structure needs extensive foundation, roof, and mechanical work to become code compliant, it would not be cost effective to rehabilitate the house. If the City purchases the property, the structure would be demolished, which would result in a lot that could be made available for future affordable housing development.

As part of the acquisition process, staff ordered completion of an appraisal and title work to determine market value, verify ownership, and determine if the property is free and clear of liens and encumbrances. According to the appraisal, the market value of the property is estimated to be \$36,000.00. The property owner has accepted the City's Conditional Offer to Purchase, contingent upon approval by the Urbana City Council, for the appraised value of \$36,000.

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 \$10,000. This would eliminate neighborhood blight and an attractive nuisance hazard in addition to making a property available for future affordable housing development.

Options

1. Approve the Ordinance Authorizing the Purchase of Certain Real Estate (1304 West Dublin Street).
2. Approve the Ordinance Authorizing the Purchase of Certain Real Estate (1304 West Dublin Street) with amendments.
3. Do not approve the Ordinance.

Fiscal Impacts

There would be no major fiscal impacts to the City budget because the funding for the Property Acquisition Program activities is included in the approved Annual Action Plan budget for Fiscal Year 2010-2011. The total cost estimated to purchase the property and clear the site is \$46,000, which is within the budgeted amount for the program.

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 Rehab Coordinator**

Attachments

1. AN ORDINANCE AUTHORIZING THE PURCHASE OF CERTAIN REAL ESTATE
(1304 West Dublin Street)
 - a. Sales Contract

ORDINANCE NO. 2011-04-020

**AN ORDINANCE APPROVING THE
PURCHASE OF CERTAIN REAL ESTATE
(1304 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 1304 West Dublin Street, Urbana, Illinois legally described below in substantially the form of the copy of said Contract attached hereto, be the same is hereby approved:

Lot 9 in Block 14 in Seminary Addition to Urbana as per Plat recorded in Deed Record "Y" at Page 208, situated in Champaign County Illinois.
PIN 91-21-07-256-011

More commonly known as 1304 West Dublin Street, Urbana, Illinois

Section 2. The Mayor of the City of Urbana, Illinois, be and the same is hereby authorized to execute extensions of time set forth in the said Contract for and on behalf of the City of Urbana, Illinois.

Section 3. 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 _____, 2011 by and between the City of Urbana, Champaign County, Illinois ("BUYER" or sometimes "City") and Willie Bell ("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 9 in Block 14 in Seminary Addition to Urbana as per Plat recorded in Deed Record "Y" at Page 208, situated in Champaign County Illinois.

PIN 91-21-07-256-011

More commonly known as 1304 West Dublin Street, Urbana, Illinois

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 **Thirty-Six Thousand and No/100ths Dollars (\$36,000.00)**, less any amount to be credited to BUYER for prorations and credits allowed in this Contract.

Section 3. Leases. SELLER presently occupies the subject premises as his home, but agrees to vacate same not later than April 30, 2011. 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 APRIL 15, 2011 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 April 15, 2011. 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 April 30, 2011.

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 to SELLER shall be addressed as follows:

Willie Bell
1304 W. Dublin St.
Urbana, IL 61801

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 to the respective parties 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:

Willie Bell
1304 West Dublin St.
Urbana, Illinois 61801

BY: _____
Willie Bell

ATTEST: _____

BUYER:

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

BY: _____
Laurel Lunt Prussing, Mayor

ATTEST: _____
Phyllis D. Clark, City Clerk