



DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

Grants Management Division

m e m o r a n d u m

TO: Mayor Diane Wolfe Marlin and City Council Members

FROM: John A Schneider, MPA, Director, Community Development Services Department

DATE: October 10, 2018

SUBJECT: AN ORDINANCE AUTHORIZING THE PURCHASE OF CERTAIN REAL ESTATE (1407 W. BESLIN STREET)

Description

Included on the agenda of the October 15, 2018 meeting of the Urbana City Council is an Ordinance Authorizing the Purchase of Certain Real Estate (1407 W. Beslin Street). There is an abandoned, vacant, and deteriorating residential structure on the lot. The purchase of 1407 W. Beslin would allow the City to demolish the existing structure and then donate the property to a non-profit housing developer such as Habitat for Humanity for Champaign County (Habitat) to redevelop into new affordable housing. This would be in keeping with the FY 2015-2019 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 1407 W. Beslin Street.

Background

The Fiscal Year 2018-2019 Annual Action Plan identified the program entitled, "PROPERTY ACQUISITION/DISPOSITION PROGRAM" as one of the activities to be undertaken utilizing Community Development Block Grant (CDBG) funds. An objective of this program is to eliminate slum and blight on a spot basis as part of an ongoing effort to sustain and maintain neighborhoods, including providing 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 provide maintenance of properties primarily in Census Tracts 53, 54, 55, and 56 (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 1407 W. Beslin Street has a vacant and deteriorating residential structure on a lot with dimensions of 66 feet by 132 feet. This property has been vacant and abandoned for some time after the death of the owner/occupant. The property has neither been claimed nor cared for by any potential heir.

The purchase of the property and subsequent demolition by the City would result in a buildable lot suitable for future affordable housing development.

The City was contacted by Roy Burch of JICBT, a real estate investment company, who stated that they are considering purchasing the property through a petition for tax deed. The City has purchased properties from Mr. Burch in the past, and he inquired to see if the City had interest in purchasing this property.

The property has been a nuisance for some time and has incurred over \$15,000 in City liens for costs associated with cutting grass and weeds, including fines, and administrative fees. In coordinating efforts with City staff, the City Legal Division has agreed to waive the associated fines and administrative fees if the City pursues the Purchase.

The current Champaign County assessed market value of the land only is \$10,471. Mr. Burch (JICBT) expressed their desire to sell the property at a purchase price of \$11,462.26, based on the estimated cost that would be incurred by JICBT if they proceed to petition for the tax deed. The breakdown is as follows:

Redemption	\$6,145.06
Petition fees	\$1,646.80
Legal fees & title work	\$1,500.00
Sanitary district	\$1,170.40
Total profit	\$1,000.00

City staff explained to JICBT that only City Council has the legal authority to purchase property on behalf of the City. Further, if the City were to acquire this property, the City would do so using a portion of its federal neighborhood improvement grant allocation. Mr. Burch was informed that acceptance by the City of the offer to purchase is contingent upon review and approval by the Urbana City Council.

If approved, the City would complete the purchase using a portion of its CDBG grant allocation. After receiving title to the property, the City would demolish and clear the lot using a portion of its Abandoned Properties Program grant funds. Once demolition is complete and the site cleared, with Council approval, the City would donate the property to Habitat for Humanity or another non-profit developer for future affordable housing development. This would eliminate future property maintenance costs the City would have if the property were to remain in City inventory.

Options

1. Approve the Ordinance Authorizing the Purchase of Certain Real Estate (1407 W. Beslin Street).
2. Approve the Ordinance Authorizing the Purchase of Certain Real Estate (1407 W. Beslin Street) with amendments.
3. Do not approve the Ordinance.

Fiscal Impacts

There would be no major fiscal impacts on the General Fund. The Annual Action Plan identified the project as one of the activities to be undertaken using the allocation of Community Development Block Grant funds as part of an ongoing effort to eliminate slum and blight on a spot basis to sustain and maintain neighborhoods, including providing decent housing by creating or maintaining affordable housing opportunities for households with incomes at or below 80% of the area median.

An estimated \$19,000 in funding needed for the demolition and site clearance would come from the Abandoned Properties Program grant received from the Illinois Housing Development Authority (IHDA) that is intended to be utilized for demolition and clearance of such abandoned properties.

Recommendations

Staff recommends that the Urbana City Council approve the Ordinance authorizing the purchase of the property for the future development of affordable housing.

Prepared By:



Randy Burgett
Grants Management Division

Attachments:

1. AN ORDINANCE AUTHORIZING THE PURCHASE OF CERTAIN REAL ESTATE (1407 W. Beslin Street)
2. Real Estate Transfer Agreement
3. Site Map

ORDINANCE NO. 2018-10-069

AN ORDINANCE AUTHORIZING THE PURCHASE OF CERTAIN REAL ESTATE

(1407 W. Beslin Street)

WHEREAS, Urbana City Code Section 2-118, Subsection (d), provides that the City of Urbana (“City”) may purchase real estate for any corporate purposes found and declared by the City Council and that the City Council may authorize the purchase thereof under any terms and any conditions by ordinance duly passed; and

WHEREAS, the City desires to purchase the real estate commonly known as 1407 W. Beslin Street to support the City’s affordable housing projects that benefit households below 80 percent of median family income; and

WHEREAS, the City Council expressly finds and declares that the real estate is needed for governmental purposes of the City.

NOW, THEREFORE, BE IT ORDAINED by the City Council of Urbana, Illinois, as follows:

Section 1.

The purchase of the real estate commonly known as 1407 W. Beslin Street in Urbana, Illinois, and legally described below, substantially on such terms as contained in the Real Estate Transfer Agreement attached hereto and incorporated herein, is hereby approved:

Lot 4 in Block 27 of Seminary Addition to Urbana, as per Plat recorded November 16, 1863 in Deed Record "Y" at Page 209, situated in Champaign County, Illinois.
Permanent Index Number 91-21-07-401-003

Section 2.

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 hereby authorized to attest to the

execution of the Real Estate Transfer Agreement as so authorized and approved for and on behalf of the City of Urbana, Illinois.

Section 3.

The Mayor of the City of Urbana, Illinois, or her designee, be and hereby is authorized to perform all acts necessary on behalf of the City of Urbana to effectuate the acquisition of the real estate.

Section 4.

This Ordinance shall not be construed to affect any suit or proceeding pending in any court, or any rights acquired, or a liability incurred, or any cause or causes of action acquired or existing prior to the effective date of this Ordinance; nor shall any right or remedy of any character be lost, impaired, or affected by this Ordinance.

Section 5.

This Ordinance shall be in full force and effect from and after its passage.

This Ordinance is hereby passed by the affirmative vote, the “ayes” and “nays” being called, of a majority of the members of the Council of the City of Urbana, Illinois, at a meeting of said Council.

PASSED BY THE CITY COUNCIL this ___ day of _____, _____.

AYES:

NAYS:

ABSTENTIONS:

Charles A. Smyth, City Clerk

APPROVED BY THE MAYOR this ___ day of _____, _____.

Diane Wolfe Marlin, Mayor

REAL ESTATE TRANSFER AGREEMENT

This agreement is made between JICTB Inc., an Illinois corporation (the “**Seller**”), and the City of Urbana, an Illinois municipal corporation (the “**Buyer**”), and is effective on the last date signed by a party hereto. The parties agree as follows:

1. Premises. The Seller shall sell, and the Buyer shall purchase, the following described real estate (the “Premises”):

Common address: 1407 W. Beslin Street, Urbana, Illinois 61801

Permanent Index Number: 91-21-07-401-003

Legally described as follows:

Lot 4 in Block 27 of Seminary Addition to Urbana, as per Plat recorded November 16, 1863 in Deed Record "Y" at Page 209, situated in Champaign County, Illinois.

2. Purchase price. The purchase price is \$11,462.26, minus credits and prorations, and is due and payable in cash or by check at the closing.

3. Condition of Premises. Except as provided in section 8, the Buyer accepts the **Premises in its “as-is” condition, and the Seller disclaims all warranties express or implied** as to the condition of the Premises.

4. Deed. The Seller shall convey the Premises to the Buyer by a good and sufficient Warranty Deed, subject only to those exceptions listed in section 5(B).

5. Title.

A. **At the Seller’s sole cost and within a reasonable time before closing**, the Seller shall deliver to the Buyer a commitment for an ALTA title insurance policy, in the amount of the purchase price, issued by a title insurance company doing business in Champaign County, committing the company to issue a policy in the usual form insuring title to the Premises.

B. At closing, the Seller shall provide good and merchantable title, subject only to general real estate taxes not due and payable at the time of closing, liens of special assessments, zoning laws and building ordinances, easements apparent or of record that do not underlie the improvements, and covenants, conditions, encumbrances, and restrictions of record that do not restrict reasonable use of the Premises. The Seller also shall execute and deliver to the Buyer any

affidavit, statement, or other document normally required by the title insurance company as a condition for issuance of the title insurance policy provided for above.

- C. If title evidence discloses exceptions other than those permitted, the Buyer shall give written notice of such exceptions to the Seller within a reasonable time. The Seller will have a reasonable time to have such title exceptions removed, or, any such exception that may be removed by the payment of money may be cured by deduction from the purchase price at the time of closing. If the Seller is unable to cure such exception, the Buyer, at its election, may terminate this agreement or take the title as it then is with the right to deduct from the purchase price liens or encumbrances of a definite or ascertainable amount upon giving the Seller notice of such election and tendering performance on its part.
6. Taxes and assessments. The Seller shall pay all real estate taxes, special assessments, sewer use charges, stormwater utility fees, and recycling taxes assessed against the Premises apportioned through the closing date, and the Buyer shall pay all those assessed after the closing date.
7. Closing; possession. The parties shall hold the closing no later than November 8, 2018, at the Urbana City Building, 400 S. Vine Street, Urbana, Illinois, 61801, or at such other place as the parties may agree. The Seller shall deliver possession of the Premises to the Buyer concurrently with the closing of this transaction.
8. Environmental disclosure. The Buyer may obtain an environmental analysis of the Premises. If the Buyer becomes aware of the existence of any environmental concern or violation of any environmental law or regulation not previously disclosed at any time prior to closing that affects either the value of the Premises or its use for a residential purpose, the Buyer may terminate this agreement by written notice to the Seller no later than 48 hours before the closing.
9. Other disclosures. If applicable, prior to signing this agreement, the Buyer has received a completed Illinois Residential Real Property Disclosure Report the EPA Pamphlet, **“Protect Your Family From Lead in Your Home,”** a Lead-Based Paint Disclosure, and a Radon Disclosure and Pamphlet.
10. No leases or other contracts.
- A. The Seller represents to the Buyer that that the Premises is vacant as of the date of this agreement and that the Seller is not party to a lease or contract sale with respect to Premises. The Seller shall not permit, allow, or create any leases or allow or permit the renewal or extension of any lease with respect to the Premises.

- B. The Seller represents to the Buyer that no contracts for the furnishing of any labor or material to the Premises or the improvements thereon, and no security agreements or leases in respect to any goods or chattels that have been or are to become attached to the Premises or any improvements thereon as fixtures, will at the time of closing be outstanding and not fully performed and satisfied; and there are not and will not be any unrecorded contracts relating to the Premises at the time of the closing.
- C. A violation of this section is a material breach. If the Seller violates this section, the Buyer may, at its option immediately declare this agreement null and void.

11. **Default.** Either party may terminate this agreement at any time for cause if the other party breaches any term of this agreement and does not cure such breach by the tenth day after written notice is given. The party giving notice shall specify the reason or reasons for such termination and shall state the effective date of such termination if the breach is not fully corrected. **In the event of the Seller's default, the Buyer** may take one or more of the following actions: maintain a claim for monetary damages for breach of contract; maintain a specific performance action against the Seller; and maintain any other or different remedy allowed by law. If either party defaults in any of its obligations under this agreement, the party not in default will be entitled to recover its costs and reasonable **attorneys' fees** and costs caused by the other's default from the defaulting party. The foregoing remedies in the event of default are not intended to be exclusive, and the parties have the right to all other lawful remedies, including specific performance.

12. **Damage to Premises prior to closing.** Prior to the closing, if the improvements on the Premises are damaged or destroyed by fire or other casualty, the Buyer, at its election, may terminate this agreement (and receive a refund of earnest money) or accept the Premises as damaged or destroyed, together with the proceeds of any insurance payable as a result of the destruction or damage, which gross proceeds the Seller shall assign to the Buyer and deliver to the Buyer at closing. The Seller is not obligated to repair or replace damaged improvements. The provisions of the Uniform Vendor and Purchaser Risk Act of the State of Illinois are applicable to this agreement, except as modified by this section.

13. **Entire agreement.** This agreement constitutes the entire agreement between the parties, supersedes all other agreements or understandings between them pertaining to the matter of this agreement, and may not be amended except by a writing signed by both parties.

14. **Notices.** Except where the terms of this agreement expressly provide otherwise, the parties shall give all notices required or permitted by this agreement in writing, addressed as set forth below, unless another address is provided in writing. Notices will be deemed given when personally delivered; deposited in the U.S. mail, postage prepaid, first class; or delivered to a commercial courier.

Seller

David Janson, President
JICTB Inc.
2503 Galen Drive
Champaign, Illinois 61821-7005

Buyer

City of Urbana
Attn: Grants Management Division
400 S. Vine Street
Urbana, Illinois 61801-3336

15. Time and binding effect. Time is of the essence of this agreement. This agreement is binding upon the respective parties and their successors and assigns and applies to each and all of the parties regardless of the singular term.

16. Survival of agreement. All of the covenants, warranties, representations, and agreements contained in this agreement that were not performed at the time of the closing will survive such closing for one year and will not merge with the deed. A party that violates any such covenants, warranties, representations, or agreements shall indemnify and defend the other party against all claims, liability, or damage, including without limitation **reasonable attorney's fees and costs**, arising from such violation, and such obligation will not merge with the deed.

17. Recording. The Buyer may record this agreement or a memorandum of this agreement in the Office of the Champaign County Recorder of Deeds at the **Buyer's** expense.

18. Counterparts. The parties may sign this agreement in one or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. Signatures delivered by email in Adobe Portable Document Format (PDF) or by facsimile will be deemed original signatures for all purposes.

The parties are signing this agreement on the dates indicated below their signatures.

JICTB Inc.

City of Urbana, Illinois

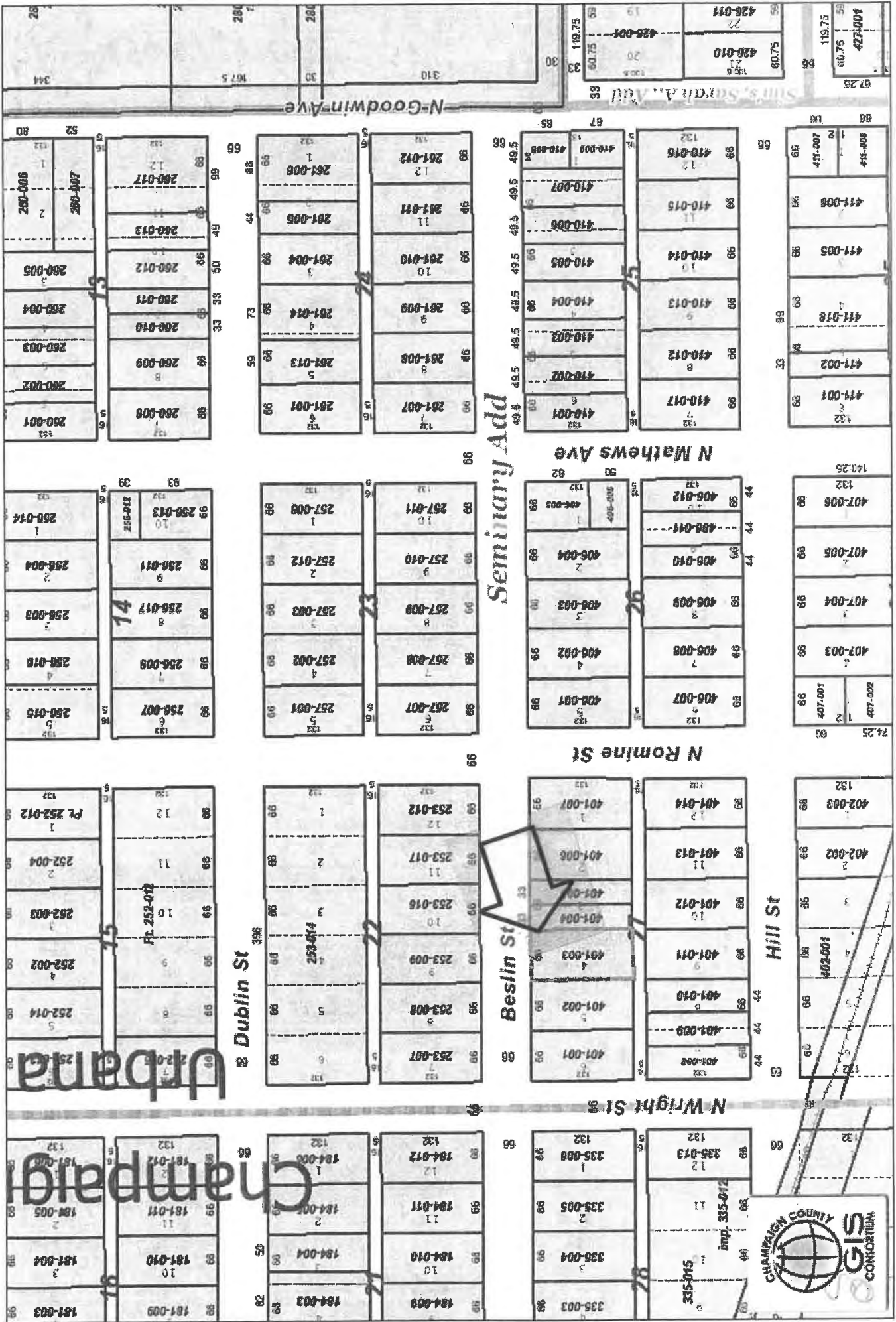
By: _____
David Janson
President
Date: _____,
2018

By: _____
Diane Wolfe Marlin
Mayor
Date: _____,
2018

Attest:

Charles A. Smyth
City Clerk
Ordinance No. 2018-

GIS Webmap Public Interface Champaign County, Illinois



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