



DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

Grants Management Division

m e m o r a n d u m

TO: Urbana Community Development Commission

FROM: Erin Bullok, Interim Manager

DATE: May 19, 2005

**SUBJECT: Proposed Acquisition of Property---
1110 West Hill Street and 708 North Gregory Avenue**

Description

Included on the agenda of the May 24 Community Development Commission meeting is proposed acquisition of two properties in Census Tract 53: 1110 West Hill Street and 708 North Goodwin Avenue.

Issues

If acquired by the city, the properties would be used to support the need for affordable housing. The city is obligated by the Annual Action Plan to continue to purchase properties in support of affordable housing. The majority of the properties are then donated to a non-profit housing developer for new construction of affordable housing. The city's goal is to purchase properties to increase the current land portfolio to accommodate the increase demand for affordable housing. Consequently, staff recommends acquisition of the additional properties at this time.

Background

These properties were brought to our attention by the Champaign County Public Administrator in charge of these properties through the Estate of the late owner. Prior to marketing and maintaining the properties for sale through a real estate listing, we were asked by the Public Administrator if the City was interested in these properties. Since then we have been in contact with the Public Administrator and began the procedures required for property acquisition using federal funds.

1110 West Hill Street

This property is located in the center of the block between Harvey Street and Goodwin Avenue. This property served as the residence of the late owner and now is in the estate.

The underlying parcel has dimensions of 59 feet by 130.6 feet. A two story single-family residence with basement and detached storage shed are located on the lot. The residence has been inspected by city staff and determined to be structurally sound with a good foundation. It appears the roof is in need of minor repairs. However the interior of the structure and exterior siding are in need of major rehabilitation which would entail completely gutting and remodeling of the home to bring into compliance of local codes. The storage shed is deteriorated and would require removal, and the grounds would need work to eliminate the overgrowth and accumulation of debris.

At this time, we do not have a program designed for the purchase and rehabilitation of existing structures, but staff believes this property could be rehabilitated to meet current code compliance while keeping the home affordable and saving existing housing stock to maintain the neighborhood appearance.

If the property could not be rehabilitated cost effectively in its current condition to bring the structure into compliance with local codes, we could demolish the property and have a buildable lot for the city portfolio for future use. Either way the property would remain affordable with a future new residence or a rehabilitated existing residence.

The property appraisal and appraisal review both estimate the market value of the property at \$29,000. Copies of the appraisal and review are attached. If we were to rehabilitate the property to bring it into code compliance, estimated cost would be \$30,000. Clearance costs to demolish the structure to create a buildable lot are estimated to be \$10,000.

At this time staff recommends purchasing the property and review options for the rehabilitation of the structure prior to demolition.

708 North Goodwin Avenue

This property is a vacant lot located on the east side of Goodwin Avenue between Church Street and Hill Street. The property has dimensions of 67.25 feet by 119.75 feet. Therefore, it is considered a buildable lot if acquired and cleared by the city. The property would require some lot clearance from overgrowth and debris.

The property appraisal and appraisal review both estimate the market value of the property at \$11,000. Copies of the appraisal and review are attached. Clearance costs to eliminate overgrowth and debris are estimated to be \$1,000.

At this time staff recommends purchasing the property and adding it to the existing property portfolio, thus increasing available buildable lots for non-profit agencies and other affordable housing projects.

Options

1. Proceed with the purchase offer and, if successful, complete the demolition and clearance of the properties in support of affordable housing through new construction with non-profit housing developers.
2. Proceed with the purchase offer, and if successful, review policies and procedures to establish a way to purchase, rehab, and resale to keep existing housing stock as affordable. The vacant property shall be cleared and maintained for use in new construction of affordable housing.
3. Withdraw purchase offer.

Fiscal Impacts

Acquisition, demolition, and maintenance of the properties would come from the Property Acquisition Fund. This will support affordable housing through land acquisition, which has been approved for the City to purchase properties and maintain them until they are developed into affordable housing.

If we are to rehabilitate the existing structure on 1110 Hill, we will need to review our current programs and guidelines to insure our rehabilitation funds for residential structures may be used for this purpose or review strategies associated with creating a new program.

If the acquisition is successful, the properties would ultimately be returned to the tax rolls through construction, rehabilitation and sale of the properties. Until the property is used for housing construction, the city would maintain the properties through the Community Development Block Grant Program.

Recommendations

Review by the Community Development Commission, direction to staff regarding strategies, and, if appropriate, recommendations to City Council.

Memorandum Prepared By:

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