



## DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

*Grants Management Division*

### **m e m o r a n d u m**

**TO:** Elizabeth H. Tyler, FAICP, City Planner/Director

**FROM:** John A. Schneider, Manager, Grants Management Division

**DATE:** August 22, 2008

**SUBJECT: ORDINANCES AUTHORIZING THE SALE OF CERTAIN REAL ESTATE (1306 West Dublin Street, 1405 ½ West Beslin Street and 1201 West Beslin Street) to Habitat for Humanity of Champaign County for Affordable Housing Development**

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### **Description**

Included on the agenda of the August 26, 2008 meeting of the Community Development Commission are ordinances authorizing the sale of three City-owned properties, located at 1306 W. Dublin, 1405 ½ W. Beslin, and 1201 W. Beslin, to Habitat for Humanity of Champaign County (Habitat), for affordable housing development. Habitat intends to construct new single-family residences that will be pre-sold to income-qualified households.

### **Issues**

The issue is whether the Community Development Commission should forward the ordinances approving transfer of the three City-owned lots to Habitat for Humanity to the Urbana City Council with a recommendation for approval.

### **Background**

These three properties were 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 non-profit-housing developers.

In the FY 2006-2007 Annual Action Plan, the City allocated HOME program funding to Habitat for the development of five affordable homes in Urbana. Two income-qualified owners, whose homes at 1105 N. Goodwin and 114 N. Cottage Grove have been completed through this project, each received down payment assistance of \$14,999. Construction of the third home at 708 N. Goodwin will begin within the next few weeks.

The attached sales contract requires Habitat to construct new single-family residences for sale to low-income households by no later than December 30, 2010. Two of the three properties proposed, 1306 and 1405 ½ W. Beslin, are half lots with dimensions of 33 feet by 132 feet. The remaining lot is a smaller corner lot with dimensions of 49 feet by 65 feet, currently used as a mini-park, and is located across from King School at 1201 W. Beslin. Continuing use of this lot as a mini-park is no longer desirable due to several incidents of criminal activity that have taken place there. Habitat indicated they are able to design homes that will fit on these smaller lots because they have experience constructing homes on similar size lots.

Pending the transfer of the lot from the City to Habitat, a minor variance (copy attached), allowing a reduction in the required west side yard setback for the property located at 1306 W. Dublin, was granted by the Zoning Board of Appeals on April 18, 2007. The Urbana City Council approved an ordinance approving a major variance (copy attached) for the same lot, allowing a reduction in the east side yard setback requirement, on May 7, 2007. The construction of homes on these lots will not detract from the essential character of the neighborhood because there are several existing homes on half-lots in the neighborhood. In addition, the new homes will be the same size as other homes in this older residential neighborhood.

The City of Urbana has supported affordable housing development by Habitat in the past by providing lots on which Habitat has built single-family, owner-occupied homes. Since its inception, the local Habitat chapter has constructed more than 17 affordable homes in Urbana, primarily in the King School, Woodland Park, and East Water Street neighborhoods. Conveying these lots, all of which are located in Census Tract 53 in the King School Neighborhood, will continue the support of Habitat's affordable housing development in Urbana.

The contracts, ordinances, 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 properties 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, shall 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 a single-family residence on the subject property as of September 30, 2010, 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 (affordability period). Based on acquisition and site preparation costs incurred by the City, the affordability period for these lots is ten years. Only income-qualified families may purchase and reside in the home.

## Options

1. Forward the Ordinances Authorizing the Sale of Certain Real Estate (1306 W. Dublin, 1405 ½ W. Beslin and 1201 W. Beslin to Habitat for Humanity of Champaign County) to the Urbana City Council with a recommendation for approval.
2. Forward the Ordinances Authorizing the Sale of Certain Real Estate (1306 W. Dublin, 1405 ½ W. Beslin and 1201 W. Beslin) to the Urbana City Council with a recommendation for approval with suggested changes.
3. Do not recommend that City Council approve the ordinances.

## Fiscal Impacts

Providing these lots to Habitat would eliminate lot maintenance costs currently incurred by the Community Development Block Grant Program. The houses constructed at these sites would generate real estate taxes and will likely have a positive effect on surrounding property values. If the lots are not conveyed to Habitat, the City would continue to incur cost of ongoing maintenance and police surveillance of the mini-park.

## Recommendations

Staff recommends that Community Development Commission forward the Ordinances to Urbana City Council with a recommendation for approval.

**Memorandum Prepared By:**

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**Randy Burgett**  
**Housing Rehabilitation Coordinator**  
**Grants Management Division**

## Attachments:

1. Location Map: 1306 W. Dublin Street, 1405 ½ W. Beslin Street and 1201 W. Beslin Street
2. AN ORDINANCE AUTHORIZING THE SALE OF CERTAIN REAL ESTATE (1306 West Dublin Street)
  - a. Sales Contract (with the following attachments)
    1. Attachment A - Land Use Restriction Agreement
  - b. Warranty Deed
  - c. Quit Claim Deed

3. AN ORDINANCE AUTHORIZING THE SALE OF CERTAIN REAL ESTATE (1405 ½ West Beslin Street)
  - a. Sales Contract (with the following attachments)
    1. Attachment A - Land Use Restriction Agreement
  - b. Warranty Deed
  - c. Quit Claim Deed
4. AN ORDINANCE AUTHORIZING THE SALE OF CERTAIN REAL ESTATE (1201 West Beslin Street)
  - a. Sales Contract (with the following attachments)
    1. Attachment A - Land Use Restriction Agreement
  - b. Warranty Deed
  - c. Quit Claim Deed
5. Copy City of Urbana Zoning Board of Appeals, Decision Sheet, Request for Minor Variance in Case #ZBA-2007-MIN-01.
6. Copy: Ordinance No. 2007-05-036 Approving a Major Variance (To Allow A Reduction In The East Side Yard Setback Requirement From 5 Feet To 3 Feet In The R-2, Single Family Residential Zoning District, 1306 W. Dublin Street – Case No. ZBA-2007-MAJ-04)

# Location Map

