



DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

Grants Management Division

m e m o r a n d u m

TO: Elizabeth H. Tyler, FAICP, Director, Community Development Services

FROM: Kelly H. Mierkowski, Manager, Grants Management Division

DATE: June 24, 2016

SUBJECT: AN ORDINANCE AUTHORIZING THE SALE OF CERTAIN REAL ESTATE (401-403 E. Kerr Avenue)

Description

Included on the agenda of the June 28, 2016 meeting of the Community Development Commission is an Ordinance Authorizing the sale of 401 and 403 East Kerr Avenue. The property has been owned by the City of Urbana since 2004 and has been held by the City in anticipation of the Highland Green affordable housing development. The sale of the subject properties would allow the development team, consisting of Brinshore Development, LLC, the Homestead Corporation of Champaign-Urbana, and the Housing Authority of Champaign County, to take possession of the property and begin construction on the complex in summer/fall of 2016. The Homestead Corporation of Champaign-Urbana will initially take possession of the property from the City.

This transfer of real estate will help to facilitate the construction of affordable housing at the subject properties, which has been a goal of the Mayor and City Council for several years. That goal has also been expressed in various other City documents, including the Urbana City Mayor and Council Goals, the 2005 Urbana Comprehensive Plan, the 2010-2014 City of Urbana and Urbana HOME Consortium Consolidated Plan, and the 2015-2019 City of Urbana and Urbana HOME Consortium Consolidated Plan.

Issues

The issue is whether the Community Development Commission should recommend that the Urbana City Council approve the Ordinance Authorizing the sale of 401-403 E. Kerr Avenue.

Background

Highland Green was approved for Low-Income Housing Tax Credits (LIHTC) by the Illinois Housing Development Authority (IHDA) on October 20, 2015. LIHTC provide a critical

financing mechanism. The project was denied LIHTC in previous years due to stiff competition, and the recent approval was an important breakthrough which has allowed this development to proceed financially.

If the City were to transfer this property to the Highland Green development team, the developers could minimize costs by beginning construction as soon as possible. Also, the use of the proposed Urbana HOME Consortium federal funds on this project necessitates that the developers begin construction within 12 months of signing the agreement dedicating HOME funds.

Options

1. Approve the Ordinance Authorizing the Sale of Certain Real Estate (401-403 E. Kerr Avenue).
2. Approve the Ordinance Authorizing the Sale of Certain Real Estate (401-403 E. Kerr Avenue) with amendments.
3. Do not approve the Ordinance.

Fiscal Impacts

The properties are not currently generating tax revenue because they are owned by the City. However, according to an analysis completed by the developer, the development will contribute approximately \$1,150 annually per unit to all taxing bodies. This estimate amounts to a total of roughly \$38,000 per year for the entire 33-unit development, and \$4,819 per year for the City of Urbana. Portions of the project may also be eligible for tax abatement under the City's new Enterprise Zone.

Programmatic Impacts

Construction of affordable housing at the Highland Green site has been a goal of the Mayor and City Council for several years and that goal has been expressed in various City documents, including the Urbana City Mayor and Council Goals, the findings of the 2007 Kerr Avenue Sustainable Neighborhood Design Charrette, the 2005 Urbana Comprehensive Plan, the 2010-2014 City of Urbana and Urbana HOME Consortium Consolidated Plan, and the 2015-2019 City of Urbana and Urbana HOME Consortium Consolidated Plan.

Recommendations

Staff recommends that the Community Development Commission forward the Ordinance Authorizing the Sale of Certain Real Estate (401-403 E. Kerr Avenue) to the Urbana City Council with a recommendation for approval.

Prepared by:



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Grants Management Division

Attachments

1. AN ORDINANCE AUTHORIZING THE SALE OF CERTAIN REAL ESTATE (401-403 E. Kerr Avenue)
2. Real Estate Transfer Agreement
3. Location Map