



**DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES
ADMINISTRATION AND PLANNING DIVISION
MEMORANDUM**

TO: Bruce K. Walden, Chief Administrative Officer
FROM: Bob Grewe, Manager Grants Management Division
DATE: August 7, 2001
RE: Disposition of Surplus City-Owned Property for Housing Construction
(1202 West Beslin Street)

Brief Description of the Issue(s)

Included on the agenda for the August 13 meeting of the Committee of the Whole, is the transfer (donation) of city-owned property located at 1202 West Beslin Street to Habitat for Humanity of Champaign County (Habitat) for use in its housing construction program.

Identification of the Issue(s) and Any Approvals Required

The principal issue is whether the city should proceed with the transfer (donation) of property located at 1202 West Beslin Street to Habitat for Humanity. City Council authorization is necessary for the donation.

Background/Facts

In 1999, City Council authorized purchase of 1202 West Beslin Street for use in Habitat's new construction program. The property was purchased and cleared through the Community Development Block Grant Programs. The lot is located in Census Tract 53, across the street from King School. It is a legal, conforming lot because of its 66' x 132' dimensions and is zoned R-2, single-family residential.

The City of Urbana has an ongoing relationship with Habitat involving construction by Habitat of single-family residences on lots acquired, cleared, improved and donated by the city. Since its inception the local Habitat chapter, along with its University of Illinois affiliate, have constructed thirteen homes in Urbana thus far in the King School, Woodland Park, and East Water Street neighborhoods. Habitat has identified more families desiring to live in Urbana, and is in need of more buildable properties.

The proposed contract and ordinance that would convey the property to Habitat is included as an attachment to this memorandum. The contract is similar to the contract used by the city to transfer other lots to Habitat. At the time of closing, a deed from the city to Habitat would be placed in escrow, as would a deed from Habitat to the city. The escrow agent would release the deed to Habitat upon completion of a house on the subject property. In the event that Habitat does not construct a house on the subject property by June 30, 2003, the escrow agent would release the deed from Habitat to the city, thus returning the property to the city for use in another program. Habitat intends to start construction in Spring 2002 after finalizing the home design and finding a

project partner.

Fiscal Impact

This transfer would be completed at no cost to Habitat. The city would receive no payment for the parcel. Disposition of the parcel would eliminate lot maintenance costs currently incurred by the Community Development Block Grant Program. The house constructed at this site would generate real estate taxes and is expected to have a positive effect on values of surrounding properties.

Recommendation

At their July 24 meeting, the Urbana Community Development Commission recommended the transfer of the property to Habitat. Community Development staff also recommend approval of the attached ordinance and contract.

Prepared By: _____

Michael J. Loschen
Grants Coordinator II

Attachments:

- (1) Site Map
- (2) An Ordinance Authorizing the Sale of Certain Real Estate Owned by the City of Urbana and Acquired Under the Community Development Program (with attached Contract for Sale of Real Estate)

ORDINANCE NO. 2001-08-093

AN ORDINANCE AUTHORIZING THE SALE OF CERTAIN REAL ESTATE

(1202 West Beslin Street)

WHEREAS, Subsection (a), entitled "Sale of real estate," of Section 2-118, entitled "Purchase, sale, lease, etc., of real estate," of the Code of Ordinances, City of Urbana, Illinois, provides that any real estate owned by the City of Urbana may be sold in any manner prescribed by the City Council in an ordinance authorizing such sale; and

WHEREAS, the requirements of said Subsection (a) of Section 2-118 for a public hearing and for the required notice for such public hearing do not, pursuant to the terms thereof, apply to the sale of residential property acquired under the Community Development Program; and

WHEREAS, the City Council now desires to sell the real estate commonly known as 1202 West Beslin Street, which said property has heretofore been acquired under the Community Development Program, in accordance with said Subsection (a) of Section 2-118 and the policy heretofore established with respect thereto; and

WHEREAS, the City Council expressly finds and declares that said real estate is not needed for governmental purposes or proprietary activity of the City of Urbana.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE

CITY OF URBANA, ILLINOIS, as follows:

Section 1. That the Contract for Sale of Real Estate by and between the City of Urbana, Illinois, and Habitat for Humanity of Champaign County, a copy of which said Contract is attached hereto and incorporated herein by reference, be and the same is hereby authorized and approved.

Section 2. That the Mayor of the City of Urbana, Illinois, be and the same is hereby authorized to execute said Contract together with all other necessary deeds and documents required by such Contract for and on behalf of the City of Urbana, Illinois.

PASSED by the City Council this _____ day of _____, 2001.

AYES:

NAYS:

ABSTAINS:

Phyllis D. Clark, City Clerk

APPROVED by the Mayor this _____ day of _____, 2001.

Tod Satterthwaite, Mayor

CONTRACT FOR SALE OF REAL ESTATE

This Contract made and entered into this _____ day of _____, 2001, by and between the City of Urbana, Illinois, a municipal corporation of the State of Illinois (hereinafter referred to as the City as Seller, and Habitat for Humanity of Champaign County, an Illinois not-for-profit corporation (hereinafter referred to as Habitat as Buyer).

WITNESSETH:

IT IS MUTUALLY UNDERSTOOD AND AGREED BETWEEN THE PARTIES HERETO as follows:

1. Sale. The City agrees to sell and convey, and Habitat agrees to buy, the following described parcel of real estate:

Lot 12 in Block 24 of Seminary Addition to the City of Urbana, as per plat recorded in Deed Record "Y" at Page 208, situated in the City of Urbana, in Champaign County, Illinois;

PIN: 91-21-07-261-012;

more commonly known as 1202 West Beslin Street, Urbana, Illinois (hereinafter referred to as Subject Property).

2. Purchase Price. City agrees to convey title to Subject Property for One Dollar (\$1.00) and other consideration as described herein.

3. Evidence of Title. Within a reasonable time, the City shall select and deliver one of the following to Habitat as evidence of title:

- a. A copy of a title insurance policy issued to the City by Allied Title Services, Inc., Champaign, Illinois, in connection with acquisition of Subject Property by the City; the City warrants that it has done nothing to encumber Subject Property since its acquisition of Subject Property; or
- b. A commitment of title insurance issued by a title insurance company regularly doing business in Champaign County, committing the company to issue a policy in the usual form insuring title to Subject Property in Habitat for the amount of the City's purchase price or

the minimum amount of title insurance, whichever is greater.

Permissible exceptions to title shall include only the lien of general taxes; zoning laws and building ordinances; easements, apparent or of record, which do not underlie the improvements, if any; and covenants and restrictions of record which are not violated by the existing improvements or the present use of the property and which do not restrict reasonable use of the property.

Habitat shall point out in writing to City within a reasonable time after receipt of the evidence of title any objections which Habitat may have thereto and unless so pointed out the evidence of title shall be conclusively presumed to be accepted by Habitat.

The City shall have a reasonable time to cure any objections actually interfering with or impairing the merchantability of the title to Subject Property. If the City is unable to cure such objections and is unable to procure a title policy insuring over such objections, then Habitat shall have the option to terminate the Contract.

The evidence of title and title insurance shall be at the sole expense of the City.

4. Conveyance. The City agrees to convey Subject Property to Habitat by good and sufficient Warranty Deed, subject to current general taxes, covenants, conditions, restrictions, easements apparent or of record, and to all applicable zoning laws and ordinances.

At the time of closing of this transaction, a Warranty Deed from the City in favor of Habitat shall be placed in escrow with Busey Bank (hereinafter referred to as "Escrow Agent").

At the same time, a Quit Claim Deed from Habitat in favor of the City shall be placed in escrow with the Escrow Agent.

In the event that Habitat constructs a single-family residence on Subject Property and Habitat is issued a certificate of occupancy for said residence by the Urbana Building Safety Division on or before June 30, 2003, or on or before the date established in any modification to this Contract, the Escrow Agent shall deliver said Warranty Deed to Habitat and shall destroy said Quit Claim Deed.

In the event that Habitat has not started construction of a single-family residence on Subject Property as of June 30, 2003, or as of the date established in any modification to this Contract, the Escrow Agent shall destroy said Warranty Deed and shall release said Quit Claim Deed to City.

In the event that Habitat has begun construction of a single-family residence on Subject Property as of June 30, 2003, or as of the date established in any modification to this Contract, but has not received a Certificate of Occupancy for said residence as of that date, City retains the right to pay Habitat, in care of the Escrow Agent, an amount equivalent to the value of improvements in place on Subject Property as of June 30, 2003, or as of the date established in any modification to this Contract, taking credit against said amount for any outstanding liens or encumbrances against Subject Property, said liens including real estate taxes prorated up to the date the City assumes possession under this paragraph. Said value shall be certified to both Habitat and the City by an architect licensed by the State of Illinois, doing business in Champaign County, Illinois and mutually acceptable to Habitat and the City. The Escrow Agent shall deliver said payment to Habitat, destroy said Warranty Deed, and release said Quit Claim Deed to the City.

No legal right, title, or interest, except as Contract Purchaser, in the Subject Property or any improvements thereon, shall vest in Habitat until delivery of said Warranty Deed by Escrow Agent to Habitat in the manner and under the conditions prescribed herein.

Any and all escrow charges shall be paid by Habitat.

5. Taxes and Assessments. City shall pay all special assessments confirmed prior to the date of this Contract and real estate taxes assessed against Subject Property for 2001 payable in 2002 up to the date of possession. Habitat shall pay all special assessments and real estate taxes assessed against Subject Property after the date of possession

Habitat shall promptly pay all bills for utilities and taxes associated with Habitat's possession and use of Subject Property, including but not limited to water, gas, electric, cable television, sewage treatment, and sewer benefit taxes.

6. Condition of Subject Property. Habitat agrees to accept Subject Property in its "as-is" condition, and the City

disclaims all warranties express or implied as to the condition of Subject Property.

7. Compliance with Development Codes. Any residence constructed pursuant to this Contract shall be constructed in accordance with all applicable land development, zoning, and building codes of the City of Urbana, Illinois, and with any and all covenants recorded for the subdivision in which Subject Property is located. Habitat shall be responsible for obtaining and paying for all permits required under said codes.
8. House Design. Any residence constructed pursuant to this Contract shall be compatible in design and quality of construction with houses constructed by Habitat at 1204 West Beslin Street and 1305 West Dublin Street, Urbana, Illinois. Prior to issuance of any building permit by the Building Safety Division of the City of Urbana, Illinois, the Director of the Department of Community Development Services of the City of Urbana, Illinois, acting on behalf of the City, may request alterations to the proposed house design so as to comply with this Section.
9. Use of Subject Property. The primary purpose of Habitat activities undertaken pursuant to this Contract shall be construction of a single-family residence for sale to a low-income household through Habitat's Homeownership Program.
10. Limitation on Subsequent Sale of Subject Property. Any residence constructed by Habitat on Subject Property pursuant to this Contract may subsequently be sold by Habitat only to a family having income at or below 80 percent of median family income for Champaign County based on household size. Applicable income limits are those certified by the Director of the Department of Community Development Services of the City of Urbana, Illinois, acting on behalf of the City, to be in effect at the time Habitat accepts a household into its Homeownership Program. Habitat shall keep record of compliance with this Section on file for inspection by representatives of the City and the U.S. Department of Housing and Urban Development.
11. Property Maintenance. Habitat agrees to keep Subject Property properly mowed and free of excess vegetation and debris at all times. Habitat shall neither suffer nor commit any waste on or to Subject Property. Habitat agrees to promptly respond to any notices received from the City of Urbana, Illinois, with regard to violation of the City's nuisance codes and to promptly correct any violation cited

by said City. Habitat shall promptly pay all bills or charges incurred for materials, services, labor, or other like items which may create encumbrances against Subject Property. Habitat will become responsible for property maintenance as of the date of this Contract.

12. Construction Schedule. Habitat agrees to construct a single-family residence on Subject Property such that a Certificate of Occupancy is issued for the newly-constructed residence by the Urbana Building Safety Division on or before June 30, 2003, or on or before the date established in any modification to this Contract.
13. Storage of Building Materials. Building materials needed to construct any residence pursuant to this Contract shall be stored within property lines and shall not be placed in the public right-of-way.
14. City Held Harmless. Habitat agrees to indemnify and hold the City, its officers, agents, and employees, harmless for any liability or damages of any nature or kind concerning undertaking of any activity pursuant to this Contract, including reasonable attorneys' fees incurred in defending against any such claim.
15. Assignment. Habitat shall not assign this Contract without prior written consent of the City to such assignment; provided, however, that the City shall not unreasonably withhold such consent and further provided that no such assignment shall act as a discharge or release of Habitat's liability under this Contract.
16. Possession. City shall deliver possession of Subject Property to Habitat concurrently with closing of this transaction to be held on or before September 30, 2001.

17. Default. If Habitat fails to perform any obligation imposed upon it by this Contract, the City may serve written notice of default upon Habitat and if such default is not corrected within ten (10) days thereafter, this Contract shall terminate. In the event of failure of the City to perform obligations imposed upon it by this Contract, Habitat may terminate this Contract upon similar notice served upon the City and similar expiration of time period. The foregoing remedies in the event of default are not intended to be exclusive, and the parties shall have the right to all other lawful remedies, including specific performance. Default by the City or Habitat shall entitle the non-defaulting party to claim as damages all reasonable costs, attorneys' fees, and expenses in connection with enforcement of this Contract.
18. Notices. Any notice required under this Contract to be served upon the City or Habitat shall be personally delivered, or shall be mailed by certified mail to such parties at the address shown herein following their signatures, or at such other place as the parties may from time to time designate in writing.
19. Modification. No modification or extension of this Contract shall be effective unless in writing and executed by the parties hereto.
20. Terms Binding. All terms of this Contract shall be binding upon the heirs, legatees, devisees, representatives, and assignees of the parties.

IN WITNESS WHEREOF, the parties have executed this Contract as of the day and year first above written.

SELLER:

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

BUYER:

Habitat for Humanity
of Champaign

P.O. Box 1162
Champaign, Illinois 61824

BY:

Tod Satterthwaite, Mayor

BY:

Barry Dickerson, President

ATTEST:

Phyllis D. Clark, City Clerk

ATTEST:

Diane Jeffers, Secretary