

MEMORANDUM

COMMUNITY AND ECONOMIC DEVELOPMENT DEPARTMENT

TO: Thomas Thomas, City Manager

SUBJECT: AMENDMENT to Schriver House (1029 3rd Avenue) Development Agreement

DATE: October 3, 2012

In February 2009, Council approved a development agreement and sale of the City-owned local landmark Schriver – Nettles House, 1029 3rd Avenue, as a single family owner-occupied home to Dr. John Viren and family.

The agreement specified the following:

- The property be sold for \$1.00;
- The use is restricted to single family owner occupied;
- Property improvements be undertaken in accordance with City codes and ordinance;
- Estimated project costs will be in excess of \$120,000. This would include contract and in-kind contributed labor and materials;
- The City will offer a \$60,000 zero percent, seven-year term loan with 100 monthly payments of \$600.00 each, with 10% of the principal forgiven per year. The City would be paid nearly \$45,000 over the course of the loan, forgiving \$15,275. Funding will be from New Old Chicago Community Development Block Grant funds;
- Work will commence within three months after closing and be completed according to the schedule submitted with the original request for proposals and as adjusted for the past five months of negotiations;

Dr. Viren and his family have worked steadily to repair the house and have made the following improvements:

- 200 amp underground electrical service (100% complete)
- Electrical rewire (80% complete)
- Plumbing – all new PVC (90% complete)
- Heating – radiant floor heat (90% complete)
- Bathroom (downstairs) – (95% complete)
- Bathroom (upstairs) – (10% complete)
- Kitchen/dining room remodel – (95% complete)
- Laundry room – (98% complete)
- Bedroom 1 – (0% complete)
- Bedroom 2 – (90% complete)
- Bedroom 3 – (80% complete)
- Back porch rebuild – (98% complete)
- Painting Exterior – (30% complete)
- Cellar entrance – (100% complete)

Based on changed personal financial circumstances, Dr. Viren is requesting that there be a 26 month temporary suspension of the City's \$600 monthly loan payment. When 26 months has passed, Dr. Viren will complete the repayments as required. Dr. Viren has abided by the terms and conditions of the development agreement.

Staff also suggests that the loan suspension be subject to a property inspection for code compliance by the City's Inspection Division.

Recommendation: That City Council approve the development agreement amendment with Catherine and Dr. John Viren for the Schriver House, 1029 3rd Avenue, providing for a 26 month suspension of the \$600 per month loan repayment and property inspection and authorize the City Manager to execute the document.

Submitted by: Alan M. Carmen, Planning and Redevelopment Administrator
Jeff Eder, Community and Economic Development Director

Approved: Thomas Thomas, City Manager

**DEVELOPMENT AGREEMENT
AMENDMENT #1**

This Agreement made this _____ day of October 2012 by and between the City of Rock Island, Illinois (City) and Catherine and Dr. John Viren (Buyer);

WHEREAS, Buyer has entered into a Development Agreement with the City, executed on February 20, 2009, specifying a redevelopment plan and repayment schedule related to 1029 3rd Avenue, and;

WHEREAS, Buyer has made substantial progress in renovating said property, and;

WHEREAS, Buyer has faced significant changes in their financial position and requests a twenty-six (26) month suspension of repayments specified in the original agreement, and;

WHEREAS, Buyer will repay the remainder of the obligation to the City after the twenty-six (26) month payment suspension ends; and

NOW THEREFORE, the parties agree and covenant as follows:

- (1). City hereby agrees that a twenty-six (26) month suspension of the payments by the Buyer be approved.
- (2). Buyer will resume payments to the City after said twenty-six (26) month period ends and the Buyer will fulfill their financial obligations to the City.
- (3). This Amendment #1 is subject to Buyer allowing Inspection Division staff to enter 1029 3rd Avenue for purposes of determining that work completed to date is in compliance with all codes.
- (4). Attachment B to the original development agreement remains in force (with the remaining balance of the Sixty Thousand Dollars (\$60,000) zero percent, seven-year term loan and 100 monthly payments of \$600.00 each, with 10% of the principal forgiven per year) with the exception that the repayment schedule be modified as specified above and that the is public investment secured by a Note and Mortgage be modified accordingly.
- (5). Said repayment modification be effective as of October 1, 2012.

CITY OF ROCK ISLAND

DEVELOPER

BY:

BY:

Thomas Thomas, City Manager

Catherine Viren

Dr. John Viren

ATTEST:

ATTEST:

Aleisha Patchin, City Clerk
