

**SERVICES AGREEMENT
Blight Reduction Program**

This Blight Reduction Program Services Agreement (“Agreement”), is entered into on this _____ day of _____ 2016 between the City of Aurora, Illinois (the “City”), a municipality, and Fox Valley Habitat for Humanity (“FVHFH”), an Illinois not-for-profit corporation.

RECITALS

WHEREAS, under the Blight Reduction Program (“BRP”), the City as the Unit of Local Government is required to partner with a not-for-profit agency, and

WHEREAS, FVHFH is an Illinois not-for-profit agency with experience in housing and development; and

WHEREAS, the City and FVHFH, in accordance with Resolution 15-165, adopted on June 23, 2015, desire to partner for the BRP to work to decrease preventable foreclosures and stabilize neighborhoods, and to target blighted, vacant, residential properties in specific communities (“BRP Target Area”) for demolition, greening, and eventual reuse, repurpose and/or redevelopment; and

WHEREAS, the BRP requires that the parties enter into an agreement, acceptable to both, delineating each party’s role in the program to ensure that any BRP funds are used effectively to reduce foreclosures, reduce blight, stimulate revitalization efforts and promote both parties interests; and

WHEREAS, the City and FVHFH desire to collaborate in the Illinois Housing Development Authority’s (“IHDA”) BRP, with the City entering into a contractual agreement with FVHFH pursuant to which FVHFH would provide Blight Reduction Program services to the City as detailed herein.

NOW THEREFORE, in consideration of the mutual promises, covenants, and conditions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, it is hereby agreed as follows:

1. Incorporation of Recitals. The foregoing recitals are hereby incorporated by reference and made a part of this Agreement.
2. Agreement. The City and FVHFH hereby agree that FVHFH will provide certain Blight Reduction Program services on behalf of the City and the City will agree to adhere to additional Blight Reduction Program requirements as outlined by the Illinois Housing Development Authority and detailed herein.
3. Eligible Costs and Activities. The City and FVHFH hereby understand that any costs or activities incurred that either exceed the BRP allowable cost amounts or are ineligible costs or activities will be done at the sole cost and expense of that particular party. BRP funds will reimburse/refinance the following eligible costs:
 - a. Acquisition (purchase price, lien extinguishment, legal costs);
 - b. Closing costs (if applicable, i.e., title, recording and transfer fees);

- c. Demolition;
 - d. Greening;
 - e. Maintenance (\$3,000 per property);
 - f. Administrative expenses (\$1,750 per property).
4. City Services. The City will provide the following services as the Unit of Local Government of the Blight Reduction Program.
- a. **Acquisition and title clearance of all BRP targeted properties.** The City is responsible for acquisition of the properties proposed for demolition and the title clearance process for blighted properties.
 - i. identify the properties proposed for demolition that are eligible under the
 - ii. BRP requirements;
 - iii. clear title to /extinguish any liens on the identified eligible properties and
 - iv. obtain ownership;
 - v. control the permitting and inspection for all eligible properties proposed;
 - vi. transfer ownership of each eligible property, with clear title, to the FVHFH.
 - b. **Transfer title of all BRP targeted properties owned by the City to FVHFH.** The City has identified a preliminary total of 8 units that meet BRP criteria within the City's BRP Target Area. The City and FVHFH understand that units may need to be substituted from time to time. The City will ensure that substituted units comply with the Illinois Housing Development Authority BRP Terms and Standards.
 - a) The City will transfer title to BRP units to FVHFH. FVHFH will maintain the greening for each property throughout the duration of the three-year recapture period. Except as to demolition terms as set forth below, transfer of title from City to FVHFH serves to end the City's continuing interest and obligation as it relates to BRP units.
 - c. **Demolition.** The City and FVHFH agree that the City will complete the demolition and greening of the selected BRP units following the transfer of title of each BRP Unit to FVHFH. In doing so, the City shall:
 - i. Prepare, publish and award all bids for demolitions work and greening work on each eligible unit;
 - ii. Upon completion of each contract, pay each contractor directly;
 - iii. Prepare documentation necessary for the FVHFH's submittal to IHDA;
 - iv. Receive a copy of the fully executed submittal from the FVHFH;
 - v. The City and FVHFH agree that the City will be reimbursed by FVHFH for acquisition, demolition, lot treatment and greening costs in an amount not to exceed \$30,250 per BRP unit upon completion of the work. Per IHDA Program Guidelines, "completion" shall be determined upon the demolition and greening of the property.
 - d. **Disbursement of Funds.** The parties understand that disbursement of BRP funds will follow

the completion of demolition and greening work of a Unit. Acquisition costs, legal costs, closings costs, demolition costs, and greening costs are reimbursable costs. IHDA will front-fund ongoing allowable administrative and maintenance costs. BRP funds will be disbursed through a title company to FVHFH as the sole owner of the Unit at the Unit Closing. The City and FVHFH agree that FVHFH shall make disbursement requests to IHDA in accordance with the Program Requirements.

5. Not-for-Profit Services. FVHFH will provide the following services (“Blight Reduction Program Services”) as the not-for-profit partner to the City:
- a. **Property Title:** Take and maintain ownership (title) of the properties identified for BRP assistance. Once the City clears title to the property, FVHFH will take title of the BRP identified properties and hold the title until the end of the three (3) year compliance period and provide all required compliance reports to IHDA during this recapture period.
 - b. **Project Administration.** FVHFH will administer BRP funding by coordinating project (unit) budgets with the Illinois Housing Development Authority, overseeing the lot treatment / greening process, providing ongoing maintenance, and ensuring the payment of property taxes and insurance during the three (3) year compliance period.
 - c. **Execution of loan documents.** FVHFH will execute all loan documents associated with the BRP funds. The City and FVHFH in partnership must develop an instrument of debt acceptable to both parties, which can take the form of a mortgage, forgivable loan, recapture agreement, or demand note. The instrument of debt can be for all or a portion of the eligible costs or activities incurred at the unit level and does not require a specific dollar amount to be eligible for refinance/reimbursement from IHDA through BRP. The instrument of debt must be the sole lien encumbering the unit prior to demolition.
 - d. **Revitalization Plan.** FVHFH shall submit to IHDA and the City a revitalization plan for each property that is transferred to them. The plan shall meet the BRP Round 1 Program Guidelines and be approved by all in writing.
 - i. Revitalization initiatives can vary and may include such strategies as neighbor side lot purchase programs, community garden initiatives, redevelopment plans for affordable housing, landbanking, market rate purchase and reuse.
 - ii. FVHFH must identify an end use for the property to support the revitalization efforts within the BRP Target area. An interim revitalization plan may be submitted while revitalization plans are being implemented.
 - iii. A property that does not have an approved revitalization plan shall be viewed as non-compliant with the Program Guidelines.
 - iv. FVHFH will green the property throughout the duration of the Program’s three-year recapture period. At the close of the three-year recapture period, FVHFH will make a final determination as to the property’s end use which may include, but is not limited to building a home, land banking the property for future affordable housing for a low-

moderate income family, or resale of the property. In the event that the lot is not buildable, FVHFH will consider transferring to another non-profit whose goals and objectives will further enhance community revitalization efforts within the neighborhood and City.

- e. **Receiver of BRP funds.** FVHFH will, through an approved title company, receive funds disbursed from IHDA at closing as a refinancing of debt (with the exception of Administrative and Maintenance Costs, which are front funded). Costs must be supported to ensure eligible uses of funds. FVHFH must agree to all information requests from IHDA or U.S. Treasury.
 - i. FVHFH will agree to a note for each property acquired that is structured as a zero percent (0%), non-amortizing loan, secured by a recorded lien. The loan will be subject to a three (3) year recapture period, during which FVHFH agrees to repay the loan if a recapture event occurs. The loan will be forgiven (and the outstanding loan amount reduced) at a rate of 33.3% per annum as long as certain covenants are met.
 - ii. FVHFH shall request funds from IHDA to reimburse the City for acquisition, closing, demolition, and greening expenses at a rate of \$30,250 per unit.
 - iii. FVHFH will retain \$3,000 per BRP unit for maintenance costs three (3) years after the date of closing;
 - iv. FVHFH will submit ongoing compliance reports on each property as required by IHDA;
 - v. Remain the owner of each Property for three (3) years from the date of closing with IHDA, unless authorized in writing by IHDA to redevelop, revitalize or sell prior to the expiration of the recapture period. FVHFH shall be responsible for all maintenance on the property during these three years. FVHFH shall pay for such maintenance from the \$3,000 it retains in BRP expenses. If the \$3,000 is insufficient to maintain the property for three (3) years, it is the FVHFH's responsibility to continue to maintain ownership of the properties for a period of three (3) years following the closing of the IHDA loan.
 - vi. At the conclusion of the three (3) year compliance period, FVHFH shall continue to maintain and retain ownership of the property for continued redevelopment efforts.
 - vii. Properties that are unable to be revitalized shall be those that do not follow the FVHFH, IHDA, and City agreed upon revitalization plan.
6. **Compensation.** FVHFH will be compensated through the BRP for administrative expenses at a maximum rate not to exceed \$1,750 per unit.
7. **Term.** The term of this agreement shall be until final close-out of the BRP has been approved by IHDA.
8. **Record Retention.** In addition to the individual recordkeeping requirements that both the City and FVHFH must comply with during the three-year recapture period/loan maturity, there is an additional 5-year record retention period for the City and FVHFH after the maturity date of the loan for the City and for FVHFH.
8. **Relationship.** Both parties intend that an independent contractor relationship be created for this

Agreement. FVHFH shall not be deemed an employee of the City for any purpose and employees of FVHFH shall not be deemed employees of the City for any purpose, and employees of FVHFH shall not be entitled to any of the benefits that the City provides to its own employees.

9. Default. In the event of default asserted to have occurred hereunder, any party to this Agreement may serve written notice of default upon the party hereto alleged to be in default specifying the nature of such claimed default and the action or payment necessary to cure such alleged default. Each party shall be entitled to compel performance hereunder by an action for specific performance.
10. Liability. Each party will be responsible for its own actions as delineated under this agreement and shall not be liable for any liability that may arise from the furnishing of services by FVHFH or other third parties. Nothing in this agreement is intended to waive the City's statutory or common law immunities as they relate to its duties hereunder.
11. Entirety. This Agreement constitutes the entire understanding of the parties hereto. No other representations, agreements, or conditions are a part of this Agreement unless incorporated herein or unless included within an amendment hereto signed by all parties to this Agreement.
12. Notice. Any notice provided for, required hereunder, and/or concerning this Agreement shall be in writing and shall be deemed sufficiently given when delivered by personal delivery, sent by overnight delivery service, or by certified or registered mail, return receipt requested, delivery or postage prepaid if sent to the respective addresses of each party as set forth below or to such alternative address as may be provided in writing by such addressee, and shall be deemed delivered upon the earlier of receipt or three days following mailing or delivery to such delivery service:

If to FVHFH: Jeffrey Barret, Executive Director
Fox Valley Habitat For Humanity
1300 S. Broadway Rd., St. 101
Montgomery, IL 60538

If to the City of Aurora: Daniel Barreiro, Chief Community Services Officer
Community Services Department
44 E. Downer Pl
Aurora, Illinois 60505
With a courtesy copy to:
Chuck Nelson, Director of Neighborhood Standards Department

13. Applicable Law. This Agreement shall be construed in accordance with the laws of the State of Illinois. Venue shall be proper in Kane County, Illinois or any federal district court in the State of Illinois.
14. Amendments. This Agreement may be amended only by a written instrument signed by the parties hereto.

If any section, provision or party of this Agreement is found to be invalid or unconstitutional, then such finding shall not affect the validity of the Agreement as a whole or any section, provision, or part thereof not found to be invalid or unconstitutional.

15. Counterparts. This Agreement may be signed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[Signature Page follows]

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**[Signature Page for Blight Reduction Program Services Agreement Between City of Aurora
and Fox Valley Habitat for Humanity]**

Fox Valley Habitat for Humanity, an Illinois
not-for-profit corporation

By: _____

Name: Jeffrey Barrett

Its: Executive Director

City of Aurora

By: _____

Name: Thomas Weisner

Its: Mayor

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