

Summary of Conditions, Restrictions, Covenants and Remedies

The City is considering a proposed sale of the Smith Building and property to the Family Support Center for the development of emergency and transitional housing. In connection with the sale of the Property, the City would require certain covenants that limit the use of the Property to such purposes. These restrictive covenants could either be included in the conveyance deed, or set forth in a separate recorded document. Including the restrictive covenants in a separate document is preferable because it reduces the risk that the covenants would be overlooked in future conveyances of the Property and allows for a more complete description of the covenants and associated requirements. For example, the restrictive covenant would likely include other provisions, such as insurance requirements, indemnification provisions, and remedies if the covenants are breached (including the City's right of reverter). Accordingly, the primary documents for a sale of the Smith Building would be a purchase and sale agreement, a deed that would reference the restrictive covenant, and the restrictive covenant. These three documents would include the following major conditions, restrictions, covenants and remedies:

- That the Smith Building and property be used to provide shelter and housing for 60 homeless family members;
- That the housing being provided for 60 homeless family members includes 32 beds for emergency shelter and 28 beds of permanent housing as those terms are used in the project proposal;
- That the City's Action Plan is first approved by HUD, and that the CDBG funding awarded through the Action Plan to the Family Support Center must be used to renovate the Smith Building to make improvements toward creating the required housing;
- That construction of the improvements to the Smith Building meet minimum standards and comply with all City Code requirements;
- That construction of the improvements to the Smith Building be completed in time to meet federal and state spending requirements and to timely provide the required housing;
- That the Family Support Center meet necessary reporting requirements and allow inspections to confirm they are providing the required housing;
- That the Smith Building and property not be subject to any future encumbrances unless such encumbrance is first approved in writing by the City;
- That the Family Support Center, or any other future operator of the Smith Building housing project, provide the City with protection through insurance and indemnities, and through contract language that makes it explicit that the facility is not a City facility and not being operated by an agent of the City;
- That the Family Support Center cannot assign or sell its rights in the Smith Building or property without ensuring that the required housing will continue to be provided and all covenants met and without providing sufficient prior notice to the City;
- That the City has remedies to retake the Smith Building and property, including all improvements, if the Family Support Center fails to provide the required housing or breaches a covenant and fails to cure such breach.