

W. G. C.

AGENDA COVER MEMORANDUM

Agenda Date: June 8, 2011

DATE: May 25, 2011

TO: Board of County Commissioners

DEPARTMENT: Management Services

PRESENTED BY: Jeff Turk, Property Management Officer 2

SUBJECT: FIRST READING AND SETTING SECOND READING AND PUBLIC HEARING/ ORDINANCE #5-11 / IN THE MATTER OF AUTHORIZING THE TRANSFER OF COUNTY OWNED REAL PROPERTY, FOR NO CONSIDERATION, LOCATED AT 234 BERINGER CT. EUGENE TO THE NEIGHBORHOOD ECONOMIC DEVELOPMENT CORPORATION FOR THE PURPOSE OF PROVIDING AFFORDABLE HOUSING (MAP NO. 17-04-03-13-12100, SECOND READING AND PUBLIC HEARING JUNE 22, 2011 AT 1:30 PM IN HARRIS HALL)

PROPOSED MOTION: THE BOARD OF COUNTY COMMISSIONERS MOVES TO AUTHORIZE THE TRANSFER OF COUNTY OWNED REAL PROPERTY, FOR NO CONSIDERATION, LOCATED AT 234 BERINGER CT. EUGENE TO THE NEIGHBORHOOD ECONOMIC DEVELOPMENT CORPORATION FOR THE PURPOSE OF PROVIDING AFFORDABLE HOUSING (MAP NO. 17-04-03-13-12100, SECOND READING AND PUBLIC HEARING JUNE 22, 2011 AT 1:30 PM IN HARRIS HALL)

1. **AGENDA ITEM SUMMARY:** The Neighborhood Economic Development Corp.(NEDCO) has submitted a request for the transfer of County owned real property at 234 Beringer Court in Eugene (Santa Clara area), to be used for providing affordable housing ownership opportunities for low income citizens. NEDCO has requested the transfer be without monetary consideration.

Pursuant to Lane Manual 21.430, ORS 271.330 and ORS 456.370 a public hearing and Ordinance is required to affect the transfer for affordable housing purposes. The hearing is scheduled for June 22, 2011 at 1:30 PM

In conjunction with NEDCO's request, St. Vincent De Paul has also requested the transfer of two other County properties located at 740 E. 39th Pl.. in Eugene and 2895 Garfield,

Eugene, and has offered \$30,000 for each. Separate Ordinances have been drafted and public hearings scheduled (same day) for these properties to provide the Board with flexibility in making any decisions as how these properties are transferred will have implications to the County's General Fund.

This memo addresses issues with all 3 of the properties being requested for transfer.

2. **BACKGROUND/IMPLICATIONS OF ACTION:**

A. Board Action and Other History

The subject property was acquired through tax foreclosure in October, 2010. The property consists of a 1890 sq. ft. house (1 level) built in 1994 residing on a 93'x144' lot..

The house is in poor condition and has not been occupied for at least 15 years. The house has severe mold issues on the interior walls and the siding is the LP (Louisiana-Pacific) siding that also has mold issues. The County received an estimate of \$40,000 – \$50,000 from a consultant to remediate the mold, replace the siding and replace the drywall and floor coverings.

The current market value per the Assessor is \$270,000 which assumes the house is in good condition and does not take into account needed repairs. There were \$30,000 in delinquent taxes, interest and penalties owing at the time the property was deeded to the County.

There is an issue with having a clean title to the property. A title report indicates that the former owner, who had a Hong Kong address, may not have been duly notified of the foreclosure proceedings and therefore the title company will not insure the property. Notice of the tax foreclosure was sent by regular and registered mail to at their last known address in Hong Kong. As the registered mail was returned without a signature title companies will deem that proper notification has not been given.

Use of Property by NEDCO: If NEDCO were to acquire the property from the county it would use the property to provide affordable ownership opportunities to low income residents.

B. Policy Issues

ORS 271.330 and ORS 456.355 - 456.370, permits counties to transfer their property, foregoing a Sheriff's sale, to non - profit corporations whose purpose is to provide low-income housing. The transfers can be with or without consideration. A public hearing is required before action can be taken and an Ordinance is required to affect the transfer. Lane Manual 21.430(1) affirms the County's commitment to providing property for use in developing low-income housing and defines a low-income family as having income of

80% or less of the median for the area as determined by the Department of Housing and Urban Development.

C. Board Goals

Transfer of the property to NEDCO would be consistent with the Board's goal of providing affordable housing opportunities.

D. Financial and/or Resource Considerations

The Property Management program is self-funded from revenue received from the sale of tax foreclosed property (Fund 268). ORS 275.275 provides for the County to be reimbursed for the costs associated with the management of tax foreclosed property with the revenue that exceeds costs being disbursed to all the taxing districts in the same manner as property taxes.

Sale revenue the past 3 fiscal years has not been sufficient to cover program expenses. Fund 268 currently has "borrowed" \$140,000 from the General Fund and may need to borrow up to an additional \$75,000 this fiscal year. This is a result of a combination of acquiring fewer properties through foreclosure (10 or less the past 3 years), the value of the acquired properties and policy decisions by the Board to direct sale revenue to other programs (\$250,000 to the Industrial Revolving Fund) or to designate tax foreclosed property as Park and Forest land per ORS 275.330 thus removing the property as an asset for the Property Management Program.

Of the approximate \$150,000 of annual program expenses, \$125,000 is directed to the General Fund for indirect payments (\$110,000) and payments to other County departments for services (County Counsel, Land Management, Fleet)

Transferring the properties to SVDP and NEDCO as they have requested would yield \$60,000 in revenue. This would have Fund 268 borrowing \$155,000 from the General Fund - \$40,000 to repay funds borrowed last fiscal year and \$115,000 to meet expenses for the current fiscal year.

E. Analysis

There are title issues with the properties that reduces their value and marketability. However, in the past, the County has sold at auction properties with similar issues for significant consideration. There is a good possibility that the properties being requested for transfer can be sold at auction for amounts that will equal or exceed program expenses.

It may also be an option to initiate a quiet title action on the properties. This has been discussed with County Counsel. Estimated cost to this would be \$5,000 - \$10,000. An

issue with pursuing a quiet title action is whether it would satisfy a title insurer to issue a title policy. The actions in a quiet title action are similar to what the County has already done for the tax foreclosure proceedings. For a quiet title action to be successful it would likely be necessary to physically locate the former owners (or their heirs) in order to serve them with legal documents of the proceedings.

Should the Board choose to transfer the properties as requested revenue from properties acquired and sold at a future date can be used to repay any loan balance to the General Fund. While it is unknown how many properties, and what value they have, may be acquired through tax foreclosure in the future, the County historically has acquired 1 or more properties each year with market values exceeding \$75,000.

When transferring properties for affordable housing purposes in the past, the Board has included restrictions in the deed to insure they are used for such purposes for a minimum of 10 years and that they begin being used for such purposes within 3 years of transfer.

F. Alternatives/Options

1. Transfer the properties to SVDP and NEDCO per their request.
2. Retain one (or more) of the properties to sell at auction with revenue used to offset program expenses.
3. Reject the transfer requests and direct staff to negotiate for greater consideration.
4. Reject the transfer requests and retain the properties for future sale.

4. RECOMMENDATION

It is recommended that option 3 be pursued – reject the transfer request and direct staff to negotiate for some consideration for the property similar to what SVDP is offering for properties they are requesting - \$30,000 each. NEDCO should be able to recover any consideration paid to the County, as well as rehab costs, upon its sale and still meet goals of selling to a qualified, low income buyer.

5. TIMING/IMPLEMENTATION

If the Board were to retain one of the properties scheduling and holding an auction will take 6-8 weeks.

6. FOLLOW-UP

Staff will proceed as directed by the Board.

7. **ATTACHMENTS**

Ordinance 5-11

Tax Map

Budget Information for Fund 268

Letters from SVDP and NEDCO

IN THE BOARD OF COUNTY COMMISSIONERS OF LANE COUNTY, OREGON

ORDINANCE NO. 5-11

IN THE MATTER OF AUTHORIZING THE
TRANSFER OF COUNTY OWNED REAL
PROPERTY, FOR NO CONSIDERATION,
LOCATED AT 234 BERINGER CT. EUGENE TO
THE NEIGHBORHOOD ECONOMIC
DEVELOPMENT CORPORATION FOR THE
PURPOSE OF PROVIDING AFFORDABLE
HOUSING (MAP NO. 17-04-03-13-12100,
SECOND READING AND PUBLIC HEARING
JUNE 22, 2011 AT 1:30 PM IN HARRIS HALL)

WHEREAS, pursuant to ORS 271.330 and 456.365, any County may dedicate, sell, convey, lease or otherwise relinquish title to any of its property for the purpose of providing low income housing and

WHEREAS, said county owned real property can be used as a resource in the development of low income housing and

WHEREAS, Lane Manual 21.430 prescribes procedures for effecting conveyances of County - owned real property for use in providing low income housing and said procedures have been adhered to and

WHEREAS, The Neighborhood Economic Development Corporation (NEDCO) is a qualified non-profit corporation organized to undertake low-income housing projects and has submitted a request to acquire the aforementioned County-owned real property without monetary and

WHEREAS, NEDCO has agreed to inclusion in the Quitclaim Deed from Lane County language which insures use of the property for the provision of low-income housing for a period of ten years from its transfer, with low-income housing defined as housing for families where annual income does not exceed 80% of the median income for the area as determined annually by the Department of Housing and Urban Development and

WHEREAS, NEDCO has also agreed to include language in said Quitclaim Deed to ensure that the property is developed for low income housing within three years of its transfer or said real property shall be subject to reversion to Lane County and

WHEREAS, the Board further finds that the first reading of this ordinance was held on June 8, 2011, that on this date the second reading and public hearing were held and that notice of this ordinance and public hearing has been duly published in Lane County as required by ORS 271.330 and ORS 456.370 and

WHEREAS, due consideration was given to all testimony submitted at said public hearing

NOW, THEREFORE, the Board of County Commissioners of Lane County ordains as follows:

1. The Board finds that the facts are as stated in the above recitals.

2. The Board further finds that, in accordance with ORS 271.330 and ORS 456.365, the aforementioned County-owned real property is appropriate for transfer to a non-profit corporation for the purpose of providing low-income housing.
3. The Board further finds that NEDCO is a qualifying nonprofit corporation pursuant to ORS 271.330 and ORS 456.355, and that it is appropriate and in the best interests of Lane County to transfer the property to them.
4. Based upon these findings, the Board approves transferring to NEDCO by Quitclaim Deed, without monetary consideration,, title to Lane County owned real property identified as Assessor's map no. 18-03-08-34-04105 and more particularly described as:

Lot 146, SECOND ADDITON TO LEE ESTATES, as platted and recorded in File 74, Slides 129, 130 and 131, Lane County Oregon Plat Records, Lane County, Oregon.
5. The Board further approves executing said Quitclaim Deed with provisions to insure that the property is used for low-income housing as defined in LM 21.430(2)(a) for a period of ten (10) years from the date of its transfer and that said property shall be developed and used for said purpose within three years of its transfer or said property shall be subject to reversion to Lane County
6. It is further approved that the County Administrator or her designee is authorized to execute any other documents necessary to complete the transfer.

ENACTED this _____ day of _____, 2011

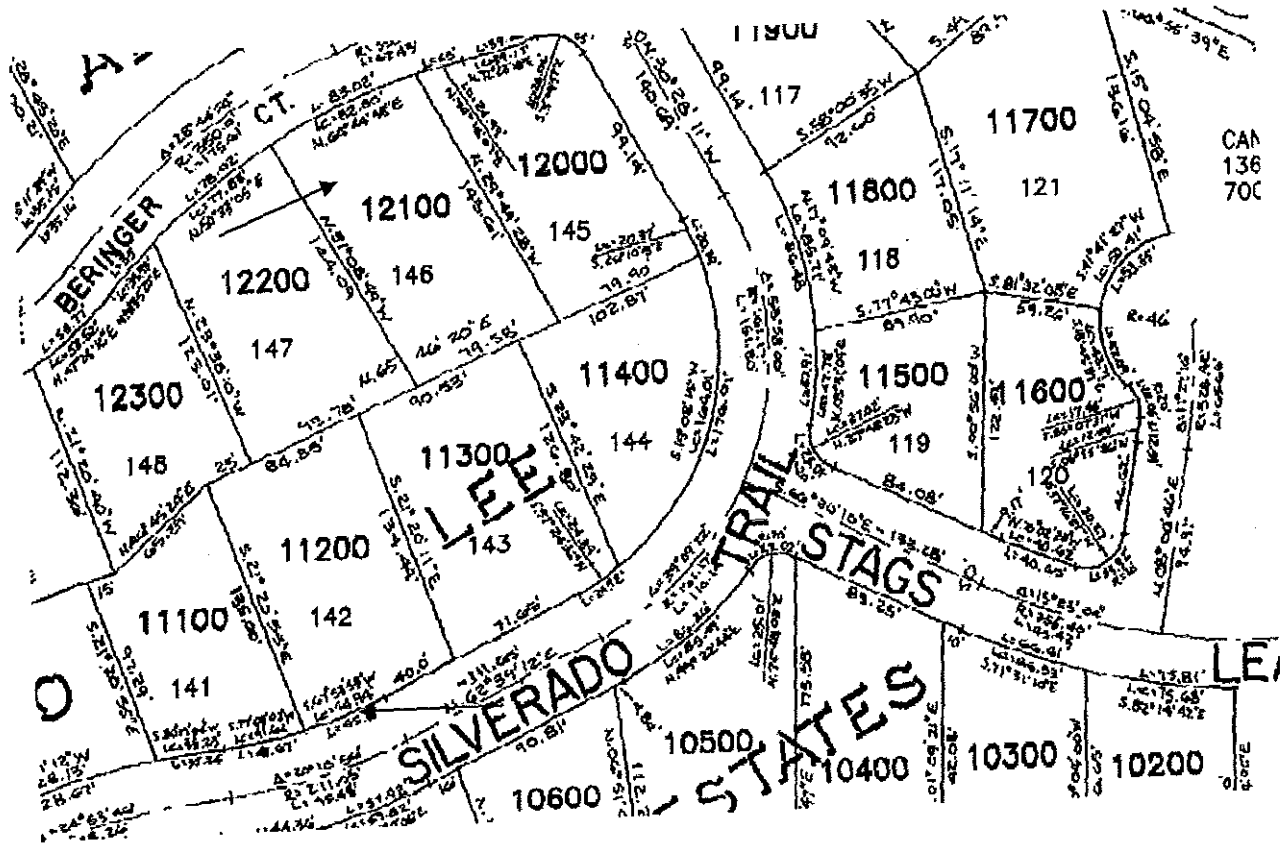
Faye Stewart, Chair, Board of County Commissioners

IN THE MATTER OF AUTHORIZING THE TRANSFER OF COUNTY OWNED REAL PROPERTY, FOR NO CONSIDERATION, LOCATED AT 234 BERINGER CT. EUGENE TO THE NEIGHBORHOOD ECONOMIC DEVELOPMENT CORPORATION FOR THE PURPOSE OF PROVIDING AFFORDABLE HOUSING (MAP NO. 17-04-03-13-12100, SECOND READING AND PUBLIC HEARING JUNE 22, 2011 AT 1:30 PM IN HARRIS HALL)

APPROVED AS TO FORM

Date 5-26-11 lane county

OFFICE OF LEGAL COUNSEL

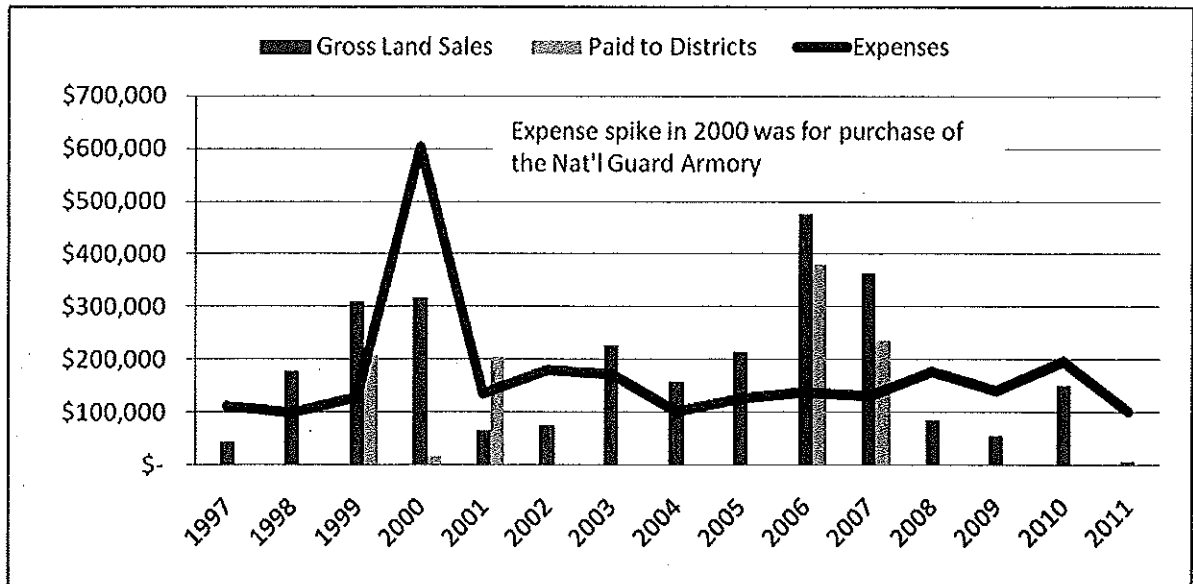


Organization: 5570270 - Tax Foreclosed Property Sales
Fund: 268

				FY 10-11
	FY 07-08	FY 08-09	FY 09-10	Curr Rev'd
	Actuals	Actuals	Actuals	Budget
Summary 268: SR SubFund Mgmt Services				
446120 - Land Sales	83671	55859	150074	168658
446580 - Rent - Other Properties	0	0	0	1000
451901 - Misc - Federal Revenue	2450	0	0	0
486100 - Investment Earnings	3604	-610	-324	2500
496110 - Fund Balance	104386	17126	6810	-39,558
497100 - Interfund Loan Received	0	75000	0	40000
400000 - TOTAL RESOURCES	194110	147376	156559	172600
512111 - Professional & Consulting	6636	5764	4716	6000
512211 - Agency Payments	3948	4682	1505	5000
512341 - Refuse & Garbage	0	0	456	300
512342 - Spec Handling/Haz Waste Disp	0	0	0	1000
512343 - Light, Power & Water	0	0	61	500
512344 - Telephone Services	636	344	257	1350
512347 - ER PERS/OPSRP	0	0	14	0
512354 - Maintenance of Equipment	0	0	0	200
512355 - Maintenance of Structures	0	0	160	1500
512356 - Maintenance of Grounds	1619	502	2349	1500
512358 - Operating Licenses & Permits	0	0	0	250
512362 - External Equipment Rental	0	0	0	250
512531 - Fleet Services Rentals	152	67	244	300
512536 - Copier Charges	38	45	60	100
512537 - Mail Room Charges	0	0	0	100
512552 - Direct/Information Services	0	2298	0	0
512554 - County Indirect Charges	116969	122665	106867	107893
512558 - PC Replacement Services	470	470	0	0
512611 - Office Supplies & Expense	69	0	8	200
512613 - Membrshp/Professionl Licenses	125	396	0	300

512614 - Printing & Binding	0	31	100	50
512615 - Advertising & Publicity	86	2762	2094	3500
512731 - Janitorial Supplies	270	319	0	500
512811 - Business Expense & Travel				
	424	0	0	250
512821 - Outside Education & Travel				
	448	0	0	250
512822 - County Training Classes	0	0	0	100
512911 - Miscellaneous Payments				
	62	222	642	157
512913 - Reimbursable Expenses				
	31	0	0	50
TOTMS - Total Materials & Services	131984	140566	119531	131600
531400 - Int Pd Interfund Loan	0	0	1586	1000
532120 - Transfer To Special Rev. Funds	45000	0	0	0
532990 - Prin Pd Interfund Loan	0	0	75000	40000
TOTDS - Total Debt Service	0	0	76586	41000
500000 - TOTAL EXPENDITURES				
	176984	140566	196117	172600

An analysis of Net Fund Operations is provided here:





St. Vincent de Paul
Society of Lane County, Inc.

Office (541) 687-5820 • Fax (541) 683-9423
Store Donations (541) 345-0595
Social Services (541) 689-6747

705 S Seneca Rd • PO Box 24608 • Eugene, OR 97402
Email askme@svdp.us
Visit us at www.svdp.us

April 27, 2011

Jeff Turk
Lane County Property Management
125 E 8th Ave
Eugene, OR 97401

Re: Surplus Property Available for Affordable Housing Purposes

Dear Jeff:

St. Vincent DePaul Society of Lane County, Inc. (SVDP) formally requests the vacant surplus properties held by the county at the following addresses:

<u>Address</u>	<u>Intended Use</u>
1. 740 E. 39 th Pl., Eugene	Low income home ownership program for Veterans
2. 2895 Garfield, Eugene	Low income housing for Women Veterans

The properties will be used exclusively for affordable housing purposes for at least 10 years. One will be made available for low income home ownership and the other expected for the remaining life of the property under SVDP ownership and management. We will apply for adequate financing to rehabilitate the property to livable use upon acceptance of our application. Consideration for the property will be \$30,000 each.

Thank you for your consideration. Please contact Heather Buch at 541-515-2653 if you needed further information for this request. We look forward to working with you on putting these properties to a beneficial use for the community.

Sincerely,

A handwritten signature in black ink, appearing to read 'Terrence McDonald', written over a horizontal line.

Terrence McDonald
Executive Director

Att: Addendum A

SVDP has offered \$30,000 in consideration for each property. Both homes are in need of substantial

April 27, 2011
Jeff Turk, Property Management Lane County
Surplus Property Application

Addendum A

Target Housing Population:

SVDP will utilize their VetLIFT program to provide housing for these homes. Vet LIFT provides assistance to homeless veterans who are dually diagnosed with substance abuse and/or mental health issues. Eugene has 3,450 homeless veterans. Of those veterans, 1,172 are chronically homeless. Vet LIFT provides housing for 41 veterans.

Vet LIFT helps participants identify goals focused on the most important aspects of their lives, providing permanent housing, increasing income/job skills, and achieving greater levels of self-determination.

The smaller home on E. 39th Place will be dedicated to help provide a new start to a veteran with a home ownership program. This veteran will work with SVDP for qualification and financing to purchase this home.

The larger home on Garfield St. will be dedicated for shared family housing through the VetLIFT housing with priority given to women veterans and their families. With its' two level floor plan, this house provides itself well for shared housing for veterans that need help to mitigate the burden of rental expenses. These families will rent this home from SVDP through the property management department.

Financing:

SVDP has offered \$30,000 in consideration for each property. Both homes are in need of substantial improvement to get them into livable condition. Improvement costs are preliminary estimated to be \$30,000 - \$50,000 each. SVDP will obtain a loan from a local bank for each home to help with acquisition, rehabilitation and contingency costs. Keeping these costs as low as possible will help ensure the home ownership cost, rental rates, and corresponding program services are kept at an affordable level for these veterans.



May 10, 2011

Dear Property Manager Officer, Lane County,

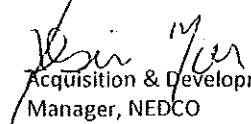
This is a formal request to "Transfer Title" of real property located at Beringer Ct. Eugene Oregon 97404 to the Neighborhood Economic Development Corporation a local Non-profit also known as NEDCO.

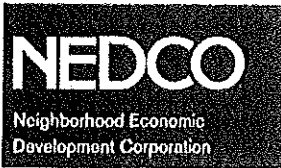
The consideration offered for this transfer is \$1.00 (One Dollar) This property has a major MOLD issues and will be timely and costly to repair with difficulty to finance in its present condition.

The purpose of this property will be to serve as affordable rental housing for low income households that are below 80 % Area Median. These clients may come from a pool of qualified yet recently "foreclosed" households searching for stability and an opportunity financial reconstruction.

NEDCO will offer support and will encourage these clients to participate in the many financial literacy classes held by NEDCO.

Desiree Moore


Acquisition & Development
Manager, NEDCO



Purchase Summary

May 24, 2011

234 Beringer CT. Eugene Or.

This property is located at the north end of River Road. It has what appears to be substantial mold damage throughout the interior. The siding appears to be LP a recalled product and it is also failing and will need to be completely replaced. This property has by all accounts suffered years of deferred maintenance. The moss is rolling off the roof under the power of its weight. In my professional opinion (licensed over 21+years) this project will include but not be limited to taking the property to the studs. Curing the studs with a fungicide and sealing the subfloor with kilz. from this point one can start with a somewhat clean slate.

NEDCO is requesting this title transfer because we feel the county can be assured that no short cuts will be taken in the abatement of the mold issue this home currently suffers. And it will be used as affordable housing for low income families most likely in transition from foreclosure.

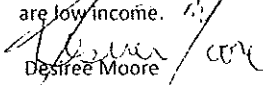
The cost of this project is estimated at \$ 65,000.00 There is a "Site Condition Review" available and although helpful it is very conservative by its own definition. In particular the forced air heating system is more than likely contaminated and will need to be addressed, also extensive moss for extended periods of time can cause shingle lift which can allow water penetration. This cannot be determined until will are into the project.

Acknowledging all the known and unknown issue with this project NEDCO still feels it is one worth undertaking providing the title transfer cost is a bare minimum.

City funds may be available to NEDCO for the rehab. however those funds are more than likely limited to \$ 25,000.00 per unit.

In the even NEDCO will need to secure private funds to complete the project, this would be a difficult and expensive process. Conventional funding for this type of rehab is none existent in our current lending climate.

NEDCO's position is that we need to owe only the rehab cost of the project which will allow the rehab completion and then the property can be placed in the affordable housing rental pool for families that are low income.


Desiree Moore
Acquisition and Development
Manager, NEDCO