

MEMORANDUM

MEMORANDUM DATE: 16 May 2006

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AGENDA DATE: May 31, 2006

TO: HACSA Board of Commissioners

PRESENTED BY: James R. McCoy Development Director  
Chris Todis, Executive Director  
Housing and Community Services Agency of Lane County (HACSA)

AGENDA ITEM TITLE: Update on the Acquisition of the Norsemen Village Apartments in Junction City.

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**I. PROPOSED MOTION:**

There is no motion; the item is information only.

**II. AGENDA ITEM SUMMARY:**

This item updates the Board on HACSA's efforts to acquire the Norsemen Village, a 44-unit "expiring use" USDA-Rural Development (RD) financed apartment complex in Junction City.

**III. BACKGROUND**

**A. Background:**

In May 2005, the HACSA Board of Commissioners authorized the acquisition of the Norsemen Village Apartments in Junction City, a 44-unit low-income housing development that serves seniors and people with disabilities. Efforts to preserve the affordability of the Norsemen Village first began in March 2003, when the USDA Department of Rural Development (RD) asked HACSA to acquire it. This complex — together with several other RD-financed projects in the Northwest owned and managed by a common owner — had become eligible for mortgage prepayment with subsequent loss of affordability restrictions.

Carrying out this acquisition has been problematic due to the unpredictability of RD's ability to finance it and in recent months HACSA staff had concluded that the prospects for success were slight. However, in late April, HACSA was informed that USDA-RD was prepared to proceed, but that the closing had to occur right away. The Norsemen Village closed on May 11, 2006.

Rural Development provides "Rental Assistance" (a program similar to HUD Section 8) to all units in the project (not including the Resident Manager unit); this rental subsidy enables households receiving it to pay no more than 30% of their adjusted income for rent and utilities.

*Provisions of Loan*

The proposed loan security for Rural Development is for first position on The Norsemen Village secured by a deed of trust. There will be a total loan amount of \$1,952,402 amortized at 1.00 percent over a 30 year term.

**D. Conclusion**

HACSA staff would like to acknowledge and express appreciation for the efforts of Mr. Clayton Walker, who offered invaluable volunteer service contacting and securing the cooperation of individuals and organizations that held encumbrances against the property. Without Mr. Walker's help, this acquisition would not have occurred and HACSA staff would like to publicly recognize his contribution.

**IV. IMPLEMENTATION/FOLLOW-UP:**

Same as Item III. E. above.

**V. ATTACHMENTS:**

None.

## B. Project Description

The Norseman Village Apartments is located at 920 West First Avenue in Junction City and contains 44 units in 10 buildings, as follows:

<u>1BR</u>	<u>2BR</u>	<u>Total</u>
40	4	44

Inspections show that the project is in decent condition, but some rehabilitation is necessary. The proposed program includes:

- \* Surface overlay on parking area and driveway surfaces;
- \* Replacing walkway lighting with better quality, energy-efficient fixtures;
- \* Make concrete walkways improvements as necessary;
- \* New signage;
- \* Remove existing concrete patios and replacing with enlarged slabs;
- \* Improve refuse/recycling area enclosures;
- \* Remove existing catch basins and replace them with sediment and pollutant trap type basins;
- \* Install new siding and paint;
- \* Replace existing aluminum windows and sliding glass doors with vinyl sliding windows and doors;
- \* Re-roof all buildings;
- \* Replace deteriorating wood-framed balconies with new balcony and railing system;
- \* Replace existing stair units;
- \* Replace emergency call system.

## C. General Feasibility

The financing plan for the Norsemen Village is straightforward: assume the existing loan; enter into new RD Loan(s); accept a \$20,000 RD grant; and use the Project Accounts that were transferred with the property.

### Costs

Acquisition Costs	\$ 872,645
Construction/Rehabilitation	900,633
Other Costs	292,111

Total: \$2,065,389

### Sources

RD Loans	\$ 1,952,402
RD Grant	20,000
Transfer of Reserves	92,987

Total: \$ 2,065,389