



MULTNOMAH COUNTY AGENDA PLACEMENT REQUEST

(Revised: 09/23/13)

Board Clerk Use Only

Meeting Date: 6/19/14
Agenda Item #: R.2
Est. Start Time: 9:40 am
Date Submitted: 6/12/14

Agenda Title: **RESOLUTION Authorizing the Subordination of the County's Interests in Three Tax Foreclosed Properties Donated for Low Income Housing Purposes to Community Vision, Inc to the State of Oregon**

Note: Title should not be more than 2 lines but sufficient to describe the action requested. Title on APR must match title on Ordinance, Resolution, Order or Proclamation.

Requested

Meeting Date: June 19th, 2014 Time Needed: 5 minutes

Department: County Management Division: Assessment, Recording and Taxation/Special Programs

Contact(s): Sally Brown and Becky Grace

Phone: 503-988-7639 Ext. 87639 I/O Address: 503/2

Presenter

Name(s) & Title(s): Randy Walruff, Division Director, Division of Assessment, Recording and Taxation

General Information

1. What action are you requesting from the Board?

The Assessor is requesting the Board approve a subordination agreement with the State pertaining to properties the County has donated to Community Vision, Inc, for low income housing purposes.

2. Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.

The subject properties R178973, R250146, and R186430 were foreclosed on for delinquent property taxes at different times over the past several years and came into County ownership. At the times the County acquired these three properties through tax foreclosure, each was occupied.

Between 2008 and 2011, the County donated these three properties to Community Vision, Inc. (CVI), for the purpose of low income housing in which CVI executed a Low Income Housing Development Agreement (LIHDA) encumbering the property for up to 30 years to provide for the property to be used for low income housing. The LIHDA requires that the property donated be used or sold by CVI as a primary residence for individuals who qualify as "low income" for a period of 30 years. In the event the property is sold during the 30-year period, subsequent buyers must also qualify as "low income."

CVI was willing to take the subject properties with the individuals still residing at the sites and facilitated the successful relocation of the former owner/occupants. The relocation of the owners was necessary because of the poor condition of each property at the time of transfer.

CVI has now completely refurbished these three properties and seeks to sell them to qualifying low income buyers in accordance with the LIHDA. Because of the 30-year low income covenant attached to these properties, qualifying buyers have been unable to obtain traditional mortgage financing. Consequently, CVI has worked with the State of Oregon Housing and Community Services Department to provide financing to qualifying low income buyers for these properties. In order for the State to finance these properties, the County must agree to subordinate its interest in these properties to the State in the event of default; this includes removing the 30-year low income requirement if a buyer defaults on the loan, causing the State to take ownership of such property. In other words, in the event of default, the property would no longer be required to be sold only to qualifying low-income buyers.

Although the LIHDA as drafted provided for the County subordinating its interest to lenders for various purposes, what is new and requires Board approval is the State's demand to make the low income housing restriction itself be subject to the subordination. With that said, it still needs to be noted that the proposed sales by CVI of these three refurbished homes to qualifying low income buyers is consistent with the requirements of ORS 271.330(2), in that the property transferred is being used for low income housing purposes. These initial sales of the three properties identified herein by CVI will allow for qualifying low income buyers to buy a home.

This action affects our Program Offer 72038 by placing these three tax foreclosed properties back onto the assessment roll.

3. Explain the fiscal impact (current year and ongoing).

N/A

4. Explain any legal and/or policy issues involved.

See the discussion in Section No. 2 above.

5. Explain any citizen and/or other government participation that has or will take place.

No citizen or government participation is anticipated.

Required Signature

**Elected
Official or
Department**

Director: Karyne Kieta /s/

Date: 06/12/14

Note: Please submit electronically. Insert names of your approvers followed by /s/ - we no longer use actual signatures. Please insert date approved.