

EUGENE CITY COUNCIL

AGENDA ITEM SUMMARY



Adoption of Resolution 4999 Approving a Low-Income Rental Housing Property Tax Exemption for the Property Located at 2984, 2986, 2988 Oak Street, Eugene, Oregon (ShelterCare/Applicant)

Meeting Date: February 8, 2010
Department: Planning and Development
www.eugene-or.gov

Agenda Item Number: 2C
Staff Contact: Richie Weinman
Contact Telephone Number: 541-682-5533

ISSUE STATEMENT

The City Council is asked to consider a resolution related to a low-income rental housing tax exemption. The resolution would grant a 20-year property tax exemption for ShelterCare's 29th Place development (formerly known as Hawthorne Apartments).

BACKGROUND

The City of Eugene has a history of supporting increases to the supply of low-income housing. In order to address the housing needs of our community, the council has adopted a variety of subsidy tools. One tool is the 20-year low-income rental housing tax exemption. This program is enabled by state statute. To date, Eugene has approved 20 projects totaling 924 apartments since 1992. The council reviews each request on a case-by-case basis. Most recently, the council approved a low-income tax exemption for St. Vincent dePaul's VetLIFT project in 2008.

The Eugene Code provisions for a low-income rental housing tax exemption application do not include the discretionary 'public interest' criterion that is included in the code criteria for the MUPTE program. If an application meets the substantive criteria (EC 9.239(2)(e)-(i) & EC 9.239(3)(a)-(e)), the City must approve the application. A decision to deny the exemption cannot be made by simple motion or inaction, it would need to be made by a resolution that explains which of the criteria is/are not met.

The City and other local taxing districts forgo revenue when property is exempted from taxes. A property tax exemption plays a very significant role in reducing rents and amounts to approximately \$100 per month per apartment. This particular project has served chronically mentally ill adults since it was constructed in 1986, by a for-profit owner who used a federal program to subsidize the rents. The project is on the tax rolls and owes \$16,874 for 2009. ShelterCare has staffed and operated the program since the beginning. This is known as an "expiring use" project because the federal program that provided the subsidies has run out. ShelterCare is acquiring the development to keep it in operation and affordable for its low-income disabled tenants. The alternative would be for the private developer to sell the project to another private developer and the subsidized units would be lost. This property tax exemption is critical for the project's pro-forma. There are 35 one-bedroom housing units at this site.

This project was recommended by the Housing Policy Board. The financing for the acquisition includes \$695,000 of federal HOME funds previously approved by the City of Eugene. This tax exemption request was forecast at the time of the council's approval of HOME funds.

RELATED CITY POLICIES

Since 1987, the City Council has frequently adopted annual goals related to homelessness or increasing the availability of low-income housing. This development provides subsidized housing for low-income chronically mentally ill adults. Support for low-income housing also is found in the City's Growth Management Goals and the adopted HUD Consolidated Plan.

COUNCIL OPTIONS

- A. Approve the application by passing the resolution provided.
- B. Direct the City Manager to provide additional information for further consideration of the application.
- C. Identify which of the criteria is/are unmet and direct the City Manager to bring back a resolution denying the application.

CITY MANAGER'S RECOMMENDATION

The City Manager recommends Option A, the approval of the resolution granting a 20-year property tax exemption to 29th Place.

SUGGESTED MOTION

Move to adopt Resolution 4999 approving a low-income rental housing property tax exemption for the property located at 2984, 2986 and 2988 Oak Street, Eugene, Oregon (ShelterCare/Applicant).

ATTACHMENTS

- A. Resolution to Approve, including the PDD Director's Report and Recommendation
- B. Application submitted by ShelterCare, including certifications and demonstration of compliance with policies set forth in Standards and Guidelines

FOR MORE INFORMATION

Staff Contact: Richie Weinman
Telephone: 541-682-5533
Staff E-Mail: richie.d.weinman@ci.eugene.or.us

RESOLUTION NO. _____

A RESOLUTION APPROVING A LOW-INCOME RENTAL HOUSING PROPERTY TAX EXEMPTION FOR THE PROPERTY LOCATED AT 2984, 2986, AND 2988 OAK STREET, EUGENE, OREGON. (SHELTERCARE / APPLICANT.)

The City Council of the City of Eugene finds that:

A. ShelterCare (the applicant), located at P.O. Box 23338, Eugene, Oregon, 97402, is purchasing real property located at 2984, 2986, 2988 Oak Street and 2985 Willamette Street Eugene, Oregon, 97402 (Assessor's Map/Tax Lot No. 18-03-07-11-06600; Assessor's Property Account Number 0631976), and has submitted an application pursuant to Subsection 2.939(3) of the Eugene Code, 1971, for an exemption from ad valorem taxes under the City's Low-Income Rental Housing Property Tax Exemption Program (Sections 2.937 to 2.940 of the Eugene Code, 1971).

B. The tax exemption is being sought for 35 one-bedroom units currently existing on the properties located at 2984, 2986, and 2988 Oak Street at rents affordable to 60% of area median income. The structure located at 2985 Willamette Street will be demolished and, therefore, that property is not subject to the tax exemption.

C. The Report and Recommendation of the Executive Director of the Planning and Development Department ("the Executive Director"), as designee of the City Manager, attached as Exhibit A to this Resolution, recommends that the application be approved and the exemption granted. In making that recommendation, the Executive Director found that the applicant submitted all materials, documents and fees required by the application and Section 2.938(1) of the Eugene Code, 1971, and is in compliance with the policies set forth in the Standards and Guidelines adopted by Resolution No. 4623. In addition, as described more fully in Exhibit A, the applicant has complied with the criteria for approval provided in Section 2.939(3) of the Eugene Code, 1971.

NOW, THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EUGENE, a Municipal Corporation of the State of Oregon, as follows:

Section 1. Based upon the above findings, and the findings in the Executive Director's Report and Recommendation attached as Exhibit A, the City Council approves the application of ShelterCare for an ad valorem property tax exemption under the City's Low-Income Rental Housing Property Tax Exemption Program for the properties located at 2984, 2986, and 2988 Oak Street Eugene, Oregon, 97402 (Assessor's Map/Tax Lot No. 18-03-07-11-06600; Assessor's Property Account Number 0631976), for 35 one-bedroom units at rents affordable to 60% of area median income.

Section 2. The residential units described in Section 1 above are declared exempt from local ad valorem property taxation commencing July 1, 2010, and continuing for a continuous period of twenty

(20) years unless earlier terminated in accordance with the provisions of Section 2.940 of the Eugene Code, 1971, which provides for termination after an opportunity to be heard if:

2.1 Construction or development of the exempt property differs from the construction or development described in the application for exemption, or was not completed by January 1, 2010, and no extensions or exceptions were granted; or

2.2 The applicant fails to comply with provisions of ORS 307.515 to 307.523, provisions of the Eugene Code, 1971, the Standards and Guidelines adopted by Council Resolution No. 4623, or any conditions imposed in this Resolution.

The tax exemption shall be terminated immediately, without right of notice or appeal, pursuant to the provisions of ORS 307.531 in the event that the county assessor determines that a change of use to other than that allowed has occurred for the housing unit, or portion thereof, or, if after the date of this approval, a declaration as defined in ORS 100.005 is presented to the county assessor or tax collector for approval under ORS 100.110.

Section 3. The City Manager, or the Manager's designee, is requested to forward a copy of this Resolution to the applicant within ten days from the date of adoption of this Resolution, and to cause a copy of this Resolution to be filed with the Lane County Assessor on or before April 1, 2010. The copy of the Resolution sent to the applicant shall be accompanied by a notice explaining the grounds for possible termination of the exemption prior to the end of the exemption period and the effects of the termination.

Section 4. This Resolution shall become effective immediately upon its adoption.

The foregoing Resolution adopted the ____ day of _____, 20__.

AIC City Recorder

REPORT AND RECOMMENDATION
of the
Director of the Planning and Development Department

Application of ShelterCare
For Low Income Rental Housing Property Tax Exemption
(Section 2.937 to 2.940 of the Eugene Code, 1971)
for Property at 2984, 2986, and 2988 Oak Street, Eugene, Oregon

The Director of the Planning and Development Department of the City of Eugene finds that:

1. ShelterCare (the applicant), located at P.O. Box 23338, Eugene, Oregon, 97402, is purchasing real property located at 2984, 2986, 2988 Oak Street and 2985 Willamette Street Eugene, Oregon, 97402 (Assessor's Map/Tax Lot No. 18-03-07-11-06600; Assessor's Property Account Number 0631976), and has submitted an application pursuant to Subsection 2.939(3) of the Eugene Code, 1971, for an exemption from ad valorem taxes under the City's Low-Income Rental Housing Property Tax Exemption Program (Sections 2.937 to 2.940 of the Eugene Code, 1971). Along with other required information, the application included a certification of the income levels of low-income occupants; a description of how the tax exemption will benefit the occupants; evidence that the property is occupied solely as a residence for low-income persons; evidence that the property is being purchased by a non-profit corporation which meets the criteria for a public benefit corporation as described in ORS 65.001; and evidence that the nonprofit corporation expends no more than ten percent of its annual income from residential rentals for purposes other than acquisition, maintenance or repair of residential rental property for low-income persons.

2. I have reviewed the application and find that the applicant has submitted all materials, fees and documents required by the application, is in compliance with the provisions of EC 2.939(3), and has complied with the policies set forth in the Standards and Guidelines for Low-Income Rental Housing Property Tax Exemption adopted by council Resolution No. 4623. Specifically I find:

2.1 The property or portion thereof subject to the property tax exemption is occupied solely as a residence for low-income persons.

2.2 The application for the property tax exemption was filed prior to January 1, 2010.

2.3 The property is being purchased by a nonprofit corporation organized in a manner that is a "public benefit corporation" as defined under ORS 65.001.

2.4 The property is being purchased by a nonprofit corporation that expends no more than ten percent of its annual income from residential rentals for purposes other than acquisition, maintenance or repair of residential rental property for low-income persons, or for the provision of on-site child care services for the residents of the rental property

2.5 ShelterCare has executed, and agrees to maintain in effect for the duration of the tax exemption period, a Rent Regulatory Agreement.

2.6 ShelterCare has consented in writing that for the duration of the tax exemption period, the city may inspect the property for which the exemption is granted.

2.7 The proposed development is consistent with the city's housing dispersal policy.

2.8 The proposed development does not cause displacement of low-income persons.

2.9 The proposed development does not cause destruction of historic properties.

2.10 The proposed development is otherwise consistent with the Eugene Code, 1971, and adopted city regulations and policies.

3. Comments have been solicited from interested City departments, agencies, and the affected neighborhood groups. No comments have been received.

Therefore, based on the above findings, the proposed project conforms with all applicable City Code provisions, local plans, planning regulations, the Metropolitan Area General Plan, and the criteria set forth in the City's adopted Standards and Guidelines for Low-Income Rental Housing Property Tax Exemption, and I recommend that the application be approved.

Dated this 7 day of February, 2010.



Mike Sullivan
Planning and Development Department



Property Tax Exemption for Low-income Rental Housing

APPLICATION FORM

Property Tax Exemption for Low-income Rental Housing
Sections 2.937 to 2.940 of the Eugene Code, 1971

Application Fee \$ _____

Includes Lane County Assessor processing fee of \$ _____, which will be refunded to the applicant if this application is not approved. You may be subject to other reasonable costs, including appraisal costs, if such costs are incurred by the City of County in processing this application, which must be paid prior to final approval being granted.

INSTRUCTIONS

All applicants must complete Sections A and B and must also attach the appropriate Schedules.

The application must be signed before a Notary Public.

If you do not supply all the required information and schedules, and submit the required fees, this application shall be returned to you and deemed not to have been filed.

SECTION A – APPLICANT INFORMATION

1.	Name: ShelterCare		
	Address: P.O. Box 23338, Eugene, OR 97402		
	Telephone: 541-686-1262		
	Email Address: dferdun@lunabridge.com		
	Contact Person: Destin Ferdun, development consultant 971-998-7156 Susan Ban, Executive Director 541-686-1262		

2.	Is the Applicant:			
	a.	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	A public benefit corporation?
	b.	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	A religious corporation?

SECTION B – PROPERTY

1.	Name of Property Owner: Current: Krumdeick Properties, Ltd., An Oregon Limited partnership; Future: a to be named partnership
	Property Address: 2984, 2986, 2988 Oak Street and 2985 Willamette Street
	Map, Tax Lot and Assessor's Number: 18-03-07-11-06600
	Please attach: a complete legal property description

Attach as Schedule 2 Applicant's proof of ownership, or if not owner, proof of Applicant's interest under a purchase contract.

2.	Portion of property for which exemption is sought:
	<input checked="" type="checkbox"/> All or <input type="checkbox"/> The following described portion:

3.	Description of the purpose of project: (Please include the number of housing units, broken down by bedroom size and proposed rent prices for each)
	35 One bedroom apartments, rents affordable to 60%AMI and below. Existing 2bedroom house will be demolished
	<input checked="" type="checkbox"/> All of the property for which exemption is sought will be used for this purpose
	<input type="checkbox"/> The following described portion of the property will be used for this purpose:

Project Construction Dates:

Commencement of Construction: July 2010

Anticipated Completion: July 2011

4.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No The Rent Regulation Agreement attached as Schedule 3 and Consent to Inspection of Premises attached as Schedule 4 have been executed and Applicant agrees to maintain the same in effect throughout the duration of the tax exemption period.
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5.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Are you aware of any conflict with the City's Housing Dispersal Policy? If yes, please provide any explanation of mitigating circumstances that should be considered by the City.
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6.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Will the development cause displacement of low-income persons? If yes, please explain mitigating factors that should be considered by the City.
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7.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Will the development cause destruction of historic property? If yes, please provide information as to any permit therefore or exception granted by the City Council.
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8.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No The portion of the property for which exemption is sought is or will be offered for rent.
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9.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No The portion of the property for which exemption is sought is or will be occupied solely by low-income persons. If yes, please attach a Certification of Income Levels of Low-income Occupants as Schedule 5.
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10.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No The required rent payment reflects, or will reflect the full value of the property tax exemption. Attach documentation as Schedule 6.
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11.	Describe how the tax exemption will benefit project occupants: The tax exemption will directly reduce rents
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<hr/>	

12.	<input type="checkbox"/> Yes <input type="checkbox"/> No The property is unoccupied , and the attached Schedule 7 documents that it will be offered for rental solely as a residence for low-income residents. <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No The property is occupied , and the attached Schedule 7 documents that it is occupied solely as a residence for low-income residents.
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13. Yes No Attached as Schedule 8 is documentation that the Applicant expends no more than ten percent (10%) of its annual income from residential rentals for purposes other than the acquisition, maintenance, or repair of residential rental property for low-income persons.

The foregoing application, together with the application fee set forth above, is hereby submitted requesting an exemption from ad valorem taxes for the property described herein for a period of twenty (20) years, commencing with the tax year 2011.

If this application is submitted on behalf of a corporation, association, or partnership, the individual signing this application specifically represents that he/she is authorized to act on behalf of the corporation, association, or partnership.

DATED this 14 day of December, 2009.

ShelterCare,
Print Name of Applicant

Susan A. Ban

Signature of Applicant or Authorized Representative of Applicant

Susan Ban, Executive Director
Name and Title of Authorized Representative

STATE OF OREGON)
) §
COUNTY OF LANE)

On the 14 day of December, 2009, personally appeared before me the within named SUSAN BAN and affirmed the foregoing to be ~~his~~her voluntary act and deed.



Leslie Cohen
Notary Expiration: 5-2-2010

2. **Inspections.** Applicant agrees that the City may, at its option, inspect the premises at regular intervals to verify the accuracy of the reports required herein and compliance with other provisions of this Agreement. The parties may agree in writing that inspections occur on specific dates, and absent such an agreement, City may perform inspections upon five (5) days' prior written notice to Applicant.
3. **Documentation.** Applicant agrees to provide City upon ten (10) days' prior written request, documentation of all facts certified in the report required in Section 1 of this Agreement.
4. **Notices.** Any notice required under this Agreement shall be in writing, and directed to City in care of the Planning & Development Department, 99 West 10th, Eugene OR 97401, and to the Applicant at the address indicated above.
5. **Effective Date.** This Agreement shall become effective upon approval of the Applicant's application for ad valorem property tax exemption to which this is appended, and shall remain in effect throughout the duration of the tax exemption period.
6. **Termination of Agreement.** This Agreement shall terminate, with no further action required by either party upon:
 - 6.1 The expiration of the tax exemption period;
 - 6.2 Termination of the tax exemption by the City Council for Applicant's failure to:
 - 6.2.1 Complete construction within the time required, including any extensions granted;
 - 6.2.2 Comply with the provisions of ORS 307.515 to 307.523, the provisions of Sections 2.937 to 2.940 of the Eugene Code, 1971, or the Standards and Guidelines adopted by Resolution No. 4327, or this Agreement; or
 - 6.2.3 Comply with any conditions imposed in the Resolution approving the tax exemption application.
 - 6.3 A determination by the County Assessor that a change of use to other than that allowed has occurred, resulting in an immediate termination of the tax exemption by the County Assessor.

DATED this 14th day of December, 2009.

Susan Ban
Print Name of Applicant

Susan A. Ban
Signature of Authorized Representative of Applicant

Susan Ban, Executive Director
Print Name & Title of Authorized Representative

P.O. Box 23338 Eugene, Oregon 97402
Address of Authorized Representative

Accepted this 2 day of February, 2010.

CITY OF EUGENE

Susan Muir
Susan Muir
Executive Director
Planning & Development Department

RW



SCHEDULE 4 - CONSENT TO INSPECTION OF PREMISES

The undersigned, as Applicant for an exemption from ad valorem taxes for the property located at

2984, 2986, 2988 Oak Street and 2985 Willamette Street, hereby consents that upon approval of the application to which this is appended and occupancy of the low-income rental unit(s), authorized representatives of the City of Eugene may, for the duration of the tax exemption period, inspect the above premises at reasonable times, and without prior notice, to ensure that the premises are maintained in decent, safe, and sanitary condition for the occupants thereof.

Applicant acknowledges that this consent and the obligation to maintain the premises in a decent, safe, and sanitary condition are material to the City's consideration of Applicant's request for exemption from ad valorem taxes for the described property.

DATED this 14th day of December, 2009.

ShelterCare

Name of Applicant

By: Susan A. Ban

Signature of Authorized Representative
of Applicant

Susan Ban, Executive Director

Name & Title of Authorized Representative

P.O. Box 23338 Eugene, Oregon 97402

Address of Authorized Representative



SCHEDULE 5
CERTIFICATION OF INCOME LEVELS OF LOW-INCOME OCCUPANTS

60% of Area Median Income for Eugene, Oregon
These figures are updated annually by HUD

2008 Area Median Income	
Household Size	60% of Median
1	\$23,300
2	\$26,600
3	\$30,000
4	\$33,300
5	\$36,000
6	\$38,600
7	\$41,300
8	\$44,000

I hereby certify that the rental units for which this exemption is sought are not occupied by, nor will they be offered for rental units to persons whose incomes exceed the levels reflected above for low-income persons.

DATED this 14th day of December, 2009

ShelterCare, Susan Ban, Executive Director
Print Name of Applicant

Susan A. Ban
Signature of Applicant

OCT-26-2007 FRI 11:30 AM

FAX NO.

P. 10

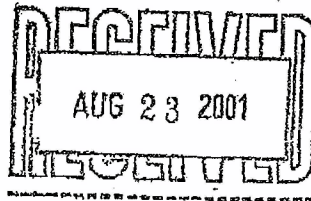
Attachment - Exhibit 2c IRSTaxExemption
Page 1 of 2

Internal Revenue Service

Department of the Treasury

P. O. Box 2508
Cincinnati, OH 45201

Date: August 20, 2001

Person to Contact:
Stephanie Broach-Camp 31-04022
Customer Service Representative
Toll Free Telephone Number:
8:00 a.m. to 8:30 p.m. EST
877-829-5500Sheltercare
P.O. Box 23338
Eugene, OR 97402Fax Number:
513-263-3756
Federal Identification Number:
23-7115003

Dear Sir or Madam:

This letter is in response to your request for a copy of your organization's determination letter. This letter will take the place of the copy you requested.

Our records indicate that a determination letter issued in February 1997 granted your organization exemption from federal income tax under section 501(c)(3) of the Internal Revenue Code. That letter is still in effect.

Based on information subsequently submitted, we classified your organization as one that is not a private foundation within the meaning of section 509(a) of the Code because it is an organization described in sections 509(a)(1) and 170(b)(1)(A)(vi).

This classification was based on the assumption that your organization's operations would continue as stated in the application. If your organization's sources of support, or its character, method of operations, or purposes have changed, please let us know so we can consider the effect of the change on the exempt status and foundation status of your organization.

Your organization is required to file Form 990, Return of Organization Exempt from Income Tax, only if its gross receipts each year are normally more than \$25,000. If a return is required, it must be filed by the 15th day of the fifth month after the end of the organization's annual accounting period. The law imposes a penalty of \$20 a day, up to a maximum of \$10,000, when a return is filed late, unless there is reasonable cause for the delay.

All exempt organizations (unless specifically excluded) are liable for taxes under the Federal Insurance Contributions Act (social security taxes) on remuneration of \$100 or more paid to each employee during a calendar year. Your organization is not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Organizations that are not private foundations are not subject to the excise taxes under Chapter 42 of the Code. However, these organizations are not automatically exempt from other federal excise taxes.

Donors may deduct contributions to your organization as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to your organization or for its use are deductible for federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

SUMMARY SHEET FOR AGREEMENT OF
PURCHASE AND SALE ("AGREEMENT")29TH PLACE APARTMENTS
EUGENE, OREGON

Dated: **July 1, 2009**

Seller: Krumdeick Properties, Ltd., an Oregon limited partnership

Buyer: ShelterCare, an Oregon non-profit corporation or its assignee

Real Property: The real property (land and improvements) situated in the City of Eugene, State of Oregon, described as follows:

A residential apartment complex on a parcel of approximately 0.93 acres (40,511 square feet) with 3 2-story residential buildings, a former manager's house converted to office space, a office/community building and 19 parking spaces. The improvements comprise 19,559 square feet of gross building area and 16,270 square feet of net rentable area. The real property is located at 29th Place & Willamette Street, Eugene, Oregon, and is more fully described in Exhibit A attached to the Agreement

Paragraph

1. Purchase Price: **One Million Six Hundred Thousand and 00/100 Dollars (\$1,600,000), plus "Assigned Reserves" as defined herein.**
- 2.1 Escrow Holder: First American Title Insurance Company
200 SW Market Street, Ste. 250
Portland, OR 97201
Attention: Amy Hudnut
Telephone: (503) 795-7609
E-mail: ahudnut@firstam.com
- 2.1 Earnest Money Note Amount: **\$1,000** to be replaced with a cash deposit of \$1,000 upon delivery of the Financing Contingency Removal Notice. Upon satisfaction/waiver of the Financing Contingency, Buyer shall deposit an additional \$5,000 of Earnest Money.
- 3.3 Inspection Contingency Period: **Ninety (90)** calendar days running from the Effective Date of this Agreement.
- 3.4 Financing Contingency Period: See Section 3.4 below. The Financing Contingency Removal Notice must be given within the **Three Hundred Sixty-Five (365)** calendar day period following the Effective Date of this Agreement.
- 3.5 List of Contracts to be transferred: See Section 3.5 below. **Prior to termination of Financing Contingency Period.**
4. Title Review Period: See Section 4 below. **Prior to termination of Inspection Contingency Period.**
- Title Company: First American Title Insurance Company
200 SW Market Street, Ste. 250

TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, TO VERIFY THE EXISTENCE OF FIRE PROTECTION FOR STRUCTURES AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007.

8.9 Seller's Broker: David L. Freedman, Jennings & Co. Property Management, Inc.

Buyer's Broker: None.

8.13 Exhibits:

A	Legal Description
B	Personal Property
2.1	Earnest Money Note
3.1	Seller Information Items
3.2	Site Inspection Guidelines
6.4.1	Deed
6.4.2	Bill of Sale
6.4.3	Assignment and Assumption of Leases
6.4.4	Assignment and Assumption of Contracts, Warranties and Rights

3. Review of Property.

3.1 Deliveries. Within five (5) business days after the Effective Date, Seller shall deliver to or make available to Buyer's representative, Carl Kern, without warranty, copies of those items listed in attached Exhibit 3.1, to the extent that such items are in Seller's possession. If this transaction fails to close for any reason whatsoever, Buyer shall promptly deliver to Seller all copies of such items.

3.2 Inspection. Promptly after the Effective Date, Seller shall give access to the Real Property to Buyer and/or its agents, employees, consultants, and contractors for purposes of inspecting any portion of the Property and making soils, geo-technical, geologic, Hazardous Materials (as defined below), and other physical tests and inspections of or on the Real Property, at Buyer's expense, provided that inspection of rental units shall be made subject to the provisions of the Tenant Leases and of attached Exhibit 3.2 and, generally, shall not unreasonably disturb the occupants of the rental units. Notwithstanding the foregoing, prior to Buyer's commencement of such inspections or testing, Buyer must obtain Seller's prior written approval of the scope and method of any environmental testing or investigation (other than a Phase I environmental inspection) and of any other inspection which will materially alter the physical condition of the Real Property. All information provided by Seller to Buyer or obtained by Buyer based on reports prepared by third party consultants relating to the Property in the course of Buyer's review, including, without limitation, any environmental assessment or audit, shall be treated as confidential information by Buyer and shall not be disclosed by Buyer; Buyer shall instruct all of its employees, agents, representatives and contractors as to the confidentiality of all such information. Buyer shall give at least two (2) days' notice to Seller with respect to inspections under this Paragraph 3.2. Buyer shall immediately restore the Property to its prior condition following any inspection or test. Buyer agrees to defend, indemnify and hold Seller harmless against any claim arising out of Buyer's exercise of its rights under this Paragraph 3.2. Nothing contained in this Paragraph 3.2 shall extend the period of time set forth in Section 3.3 of the Summary Sheet (the "Inspection Contingency Period"). Buyer shall provide Seller with copies of all reports and test results received by Buyer pursuant to this Section 3.2 promptly upon receipt thereof by Buyer.

3.3 Inspection Contingency Removal Notice. If Buyer shall conclude that its review of the Property supports the Purchase Price and satisfies its other requirements, Buyer shall, prior to the expiration of the Inspection Contingency Period, give written notice to Seller of satisfaction or waiver of all contingencies to Buyer's obligation to close the transaction contemplated hereby, except as expressly provided in Paragraph 3.4 and Paragraph 6.1 herein (the "Contingency Removal Notice"). If the Contingency Removal Notice is not received by Seller before expiration of the Inspection Contingency Period, this Agreement shall automatically terminate; Buyer's obligations set forth in Paragraph 3.2 shall survive such termination.

3.4 Financing. Buyer shall have the period of time set forth in Section 3.4 of the Summary Sheet (the "Financing Contingency Period") to obtain a written commitment acceptable to Buyer to finance the purchase of the Property. If Buyer fails to (a) give to Seller during this period written notice that this condition has been satisfied or waived (the "Financing Contingency Removal Notice"), and (b) fund the Deposit in cash by payment to Escrow Holder, then this Agreement shall automatically terminate at the expiration of this period; Buyer's obligations set forth in Paragraph 3.2 shall survive such termination.

3.5 Contracts to be Transferred. Before expiration of the Financing Contingency Period, Buyer shall designate in writing delivered to Seller those transferable service and other contracts (as shall appear on the list previously provided to Buyer by Seller pursuant to Section 3.1) that Seller shall assign to Buyer as of Closing and those service and other contracts that Buyer wishes Seller to terminate. To the extent any contracts designated by Buyer to be terminated also require the payment of a termination fee (or other such fee associated with the early termination of such contract), Buyer shall be responsible for reimbursing Seller at Closing for same. If Buyer fails to timely designate those transferable service and other contracts that Seller shall assign to Buyer at Closing, Seller shall assign all such service and other contracts to Buyer.

4. Title. Seller shall deliver to Buyer, within ten (10) calendar days after the Effective Date, a preliminary title report from the Title Company covering the Real Property, together with copies of all documents listed as title exceptions therein. Buyer may elect at its expense to obtain a survey of the Real Property. Buyer shall give to Seller, prior to the expiration of the Inspection Contingency Period, written notice stating those exceptions to title and survey matters, if any, based upon the preliminary title report or the survey (if Buyer has elected to order a

Paragraph 5.1, no representations have been or are being made by Seller concerning the Property or any matter related to the Property. Buyer accepts the Property "AS IS, WITH ALL FAULTS" without any representations, warranties or covenants by Seller or any agent or representative of Seller, express or implied, except only those representations and warranties expressly stated in Paragraph 5.1 hereof. Buyer acknowledges that Buyer has ascertained for itself the value and condition of the Property and Buyer is not relying on, nor has Buyer been influenced by, any representation of Seller or any agent or representative of Seller regarding the value, condition, or any aspect of the Property.

5.4 Hazardous Materials. For purposes of this Agreement, "Hazardous Materials" shall include, without limitation, (a) substances that are toxic, corrosive, flammable, explosive, or ignitable; (b) any asbestos, lead based paint, mold, radon, oil, petroleum and petroleum products, radioactive materials, hazardous wastes, toxic substances, or related injurious materials; or (c) substances which are defined by terms such as or similar to "hazardous substances," "hazardous materials," "toxic substances," "oil and petroleum products" or which are otherwise regulated by 15 USC 2601, et seq. (the Toxic Substances Control Act); 33 USC 1251, et seq. (the Clean Water Act); 33 USC 2701, et seq. (the Oil Pollution Act); 42 USC 6901, et seq. (the Resource Conservation and Recovery Act); 42 USC 7401, et seq. (the Clean Air Act); 42 USC 9601, et seq. (the Comprehensive Environmental Response, Compensation, and Liability Act); 49 USC 1801, et seq. (the Hazardous Materials Transportation Act) or by any other federal, state or local statute, ordinance and/or regulation related to environmental protection or human safety.

6. Conditions to Closing and Closing.

6.1 Conditions for Buyer. Buyer's obligation to close the transaction contemplated by this Agreement is subject to the following conditions precedent:

6.1.1 The Title Company shall be prepared to issue to Buyer the title policy required by Paragraph 6.7 below.

6.1.2 Seller shall have delivered to the Escrow Holder or Buyer all of the items to be delivered at or before Closing pursuant to this Paragraph 6.

6.1.3 The board of directors of Buyer (a nonprofit corporation) shall have expressly authorized by resolution the acquisition of the Property at or prior to Buyer's delivery of the Financing Contingency Removal Notice referred to in Section 3.4 above.

6.2 Conditions for Seller. Seller's obligation to close the transaction contemplated by this Agreement is subject to the following conditions precedent:

6.2.1 Buyer shall not be in material default under any of its covenants, representations, warranties or obligations contained in this Agreement.

6.2.2 Buyer shall have delivered to the Escrow Holder or to Seller all of the items to be delivered by Buyer at or before Closing pursuant to this Paragraph 6.

6.2.3 The board of directors of Buyer (a nonprofit corporation) shall have expressly authorized by resolution the acquisition of the Property at or prior to Buyer's delivery of the Financing Contingency Removal Notice referred to in Section 3.4 above.

6.3 Closing Date. The closing of this transaction (the "Closing") shall occur in escrow through Escrow Holder. The "Closing Date" shall be the date upon which Seller receives the Purchase Price from Escrow Holder. Closing shall occur on or before the Final Day For Closing (as stated in Paragraph 6.3 of the Summary Sheet), unless otherwise extended as provided for in Paragraph 6.3 of the Summary Sheet.

6.4 Seller Deliveries. At or before Closing, Seller shall deliver to Escrow Holder the following:

6.6.2 Rent and other income under Tenant Leases payable for the month in which Closing occurs shall be prorated as of the Closing Date based upon accounts receivable regardless of whether such rent and other income has been collected by Seller. With respect to any rent unpaid under the Tenant Leases, Buyer shall use good faith efforts to collect the same after Closing and shall pay to Seller any such rent actually collected; rent collected by Buyer shall be applied in chronological order. Seller shall be permitted to pursue its own remedies for collection of any rent arrearages applicable to the period prior to the Closing Date, but Seller shall not be permitted to evict any tenants remaining in occupancy of the Real Property.

6.6.3 No unapplied refundable security deposits paid to Seller by Tenants under the Tenant Leases in effect at Closing, nor any interest earned thereon, shall be credited against the Purchase Price at Closing. Seller's interest in any such amounts shall be transferred to Buyer at Closing. No other fees or payments previously received by Seller shall be prorated at Closing.

6.6.4 Charges and fees associated with the prepayment of the Oregon Housing and Community Services Department Loan No. 4154134 and HUD Contract No. OR16-H029-158 are currently anticipated to include a prepayment charge of \$48,988, a Financing Adjustment Factor payment of \$46,372 and a transfer fee of \$8,176 for a total of \$103,536. Seller and Buyer shall each pay one-half of the aggregate total of such charges and fees; *provided, however*, that in the event Buyer shall obtain a waiver or reduction of such charges and fees below the estimated amount set forth above, any such reduction shall be solely for the credit of Buyer until Buyer's portion of such charges and fees shall be reduced to zero.

6.7 Closing Costs and Title Insurance.

6.7.1 Seller and Buyer shall each pay one-half of all excise taxes, transfer taxes and/or transfer fees applicable to the sale of the Property. Seller and Buyer shall each pay one-half of the escrow fees applicable to the transaction contemplated herein. Buyer shall pay the cost of recording the Deed. Seller shall pay the premium for a standard coverage owner's policy of title insurance insuring Buyer and any simultaneously issued policy insuring Seller. Buyer shall pay the additional premium cost for an extended coverage owner's policy of title insurance if Buyer elects to obtain extended coverage. Buyer shall pay also the cost of any endorsements required by Buyer, and the cost of any survey Buyer elects to obtain pursuant to Paragraph 4. All other closing and escrow costs shall be paid by the parties in accordance with local custom.

6.7.2 The owner's policy insuring Buyer shall be an ALTA owner's policy of title insurance in the amount of the Purchase Price. The owner's policy shall be issued by the Title Company and shall insure Buyer that fee simple title to the Real Property is vested in Buyer subject only to the Permitted Exceptions and such standard printed exceptions, if any, as customarily appear in such form of owner's policy of the Title Company.

6.8 Possession. Possession of the Real Property shall be delivered to Buyer on the Closing Date, subject to the rights of tenants and to the rights of third parties pursuant to the Permitted Exceptions.

7. Tax-Deferred Exchange Under Internal Revenue Code Section 1031.

Either party may seek to accomplish the conveyance and transfer of the Property as part of an exchange transaction (each an "Exchange") qualifying for tax-deferred treatment under Internal Revenue Code section 1031. Each party shall cooperate fully with the other party in accomplishing the other party's Exchange, provided that neither party shall be required to incur any additional liability or financial obligation in connection with the other party's Exchange or to take title to any other property. Such cooperation may include, without limitation, execution of supplementary agreements and escrow instructions to document and effectuate the Exchange. Each exchanging party shall indemnify the other party against any additional liabilities and costs and fees (including without limitation the reasonable and actual cost of reviewing documents) incurred solely as a result of such other party's participation in such exchanging party's Exchange. Neither party's obligations under this Agreement to purchase and sell the Property shall be conditioned upon consummation of an Exchange. Nothing contained in this Paragraph 7 shall authorize or permit either party to delay the Closing Date.

8. Miscellaneous.

42(d) of the Internal Revenue Code and such placement in service would not be disregarded as provided in Section 42(d)(2)(D)(ii) of the Internal Revenue Code. Each of the parties reserves the right to effect the purchase and sale of the Property as a part of an Exchange as provided in Paragraph 7 above, including assignment of its interest under this Agreement to an exchange intermediary; provided that neither party shall be released from any obligations under this Agreement in connection with any such assignment as part of an Exchange. Subject to the preceding provisions of this Paragraph 8.6, this Agreement shall be binding upon and inure to the benefit of the heirs, successors, and assigns of the parties hereto. If Seller or Buyer, as defined herein, consists of more than one person or entity, each of such persons and entities shall have joint and several liability hereunder.

8.7 Law. The performance and interpretation of this Agreement shall be controlled by the laws of the state specified in Paragraph 8.7 of the Summary Sheet.

8.8 Interim Operations. Between the Effective Date and Closing, Seller shall continue to operate and lease the Property in a manner consistent with past practice.

8.9 Brokers. Seller agrees to defend and indemnify the Buyer from and against all claims for brokerage commissions or fees by any other person or entity claiming to have been retained by such party in connection with this transaction.

8.10 Costs and Fees. If there is any legal action or proceeding between Seller and Buyer arising from or based on this Agreement or otherwise related to this transaction, the unsuccessful party to such action or proceeding shall pay to the prevailing party all costs and expenses, including reasonable attorneys' fees, incurred by such prevailing party at and in preparation for discovery (including depositions), arbitration, trial, appeal and review.

8.11 Construction. The parties acknowledge that with respect to the transaction contemplated herein (a) each party and its counsel have reviewed and revised this Agreement and that the rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any amendments or Exhibits, and (b) neither party has received from the other any accounting, tax, legal, or other advice.

8.12 Interpretation. If any one or more of the provisions of this Agreement shall, for any reason, be held to be invalid, illegal, or unenforceable in any respect, then (a) the parties desire that such provision be enforced to the fullest extent allowed, and (b) such invalidity, illegality, or unenforceability shall not affect any other provisions hereof.

8.13 Attachments. The attached "Summary Sheet" is incorporated herein by this reference. The Exhibits referenced in this Agreement are attached to this Agreement and are incorporated herein.

8.14 Counting of Days. Any time period to be computed pursuant to this Agreement shall be computed by excluding the first day and including the last day. If the last day falls on a Saturday, Sunday or legal holiday, the last day shall be extended until the next day that is not a Saturday, Sunday or legal holiday, but in no case will the extension be for more than three (3) days.

8.15 Execution. Submission of this document by Seller does not constitute an offer. This Agreement may be executed in counterparts. The parties may exchange signature pages or the entire Agreement, including by facsimile, to form a contract; provided, upon request, a party shall deliver a fully executed original hereof.

8.16 Survival. Subject to the limitations hereof, the provisions of this Agreement shall survive Closing and shall not merge in any document delivered at Closing.

ACCEPTANCE BY ESCROW HOLDER

The undersigned Escrow Holder hereby acknowledges receipt of this Agreement and agrees to accept, hold, and disburse any funds and documents received thereunder in accordance with the provisions of the Agreement.

DATE OF ACCEPTANCE:

_____, 2009

FIRST AMERICAN TITLE INSURANCE COMPANY

By: _____

Its: _____

EXHIBIT "B"

Personal Property

[A mutually satisfactory listing of personal property shall be approved before expiration of the Contingency Period.]

EXHIBIT 3.1

- i. Copies of monthly operating statements for the Property for the year to date and for the most recent three calendar years.
- ii. A current rent roll.
- iii. A list of tenant deposits.
- iv. Current tax assessment statements and copies of the most recent tax bills.
- v. A copy of all Tenant Leases (to be made available for review on-site only).
- vi. As-built mechanical, electrical, and structural plans and specifications for each building (if available).
- vii. An ALTA survey of the Property (if available).
- viii. Soils report (if available).
- ix. Environmental/Hazardous Materials reports and studies (if available).
- x. A site plan and parking plan of the Property (if available).
- xi. Service contracts and other contracts affecting the Property, including supply, maintenance, service, and property management, including correspondence related thereto and correspondence, if any, with governmental agencies concerning the Property.
- xii. Occupancy permits (if available).
- xiii. Project brochure and other marketing material currently in use.
- xiv. Third-party warranties and guarantees affecting the Property, if any.
- xv. An inventory of personal property.
- xvi. Account statements showing current amount of all Assigned Reserves.
- xvii. Copy of standard lease form.
- xviii. Copy of the current Housing Assistant Payment Agreement No. OR 16-H029-158.

In addition to the listed items, Seller shall promptly deliver to Buyer such other information relating to the Property that is specifically requested by Buyer of Seller in writing during the Contingency Period to the extent such information either is in the possession or control of Seller, or any affiliate of Seller, or may be obtained by Seller, or any affiliate of Seller, through the exercise of commercially reasonable efforts and at no cost to Seller. However, Seller shall not be required to deliver any attorney-client privileged information, any information regarding the value of the Property (including projections of value or income), any information that combines information concerning the Property with information regarding other assets of Seller, or any correspondence or documentation concerning the listing of the Property for sale or proposals for sale of the Property to third parties.

By: _____
Its: _____

STATE OF OREGON)
) ss.
County of Lane)

On this day before me personally appeared _____, the _____ of _____, a _____, and acknowledged this instrument to be the free and voluntary act and deed of such _____, for the uses and purposes therein mentioned.

Given under my hand and official seal this ____ day of _____, 200__.

NOTARY PUBLIC for _____
My Commission Expires: _____

EXHIBIT B

(Permitted Exceptions)

EXHIBIT "A"
TO BILL OF SALE

Personal Property

IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment as of the day and year first above written.

Dated: _____, 20__
ASSIGNOR:

_____, a

By: _____
Its: _____

ASSIGNEE:

_____, a

By: _____
Its: _____

EXHIBIT B

TO ASSIGNMENT AND ASSUMPTION OF LEASES

(List of Leases)

IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment the day and year first above written.

ASSIGNOR: _____, a

By: _____
Its: _____

ASSIGNEE: _____, a

By: _____
Its: _____

SCHEDULE 1

TO ASSIGNMENT OF CONTRACTS, WARRANTIES AND RIGHTS

(Warranties and Guaranties)