

MEMORANDUM

TO: Mayor and City Council

FROM: Richard Meyers, City Manager

SUBJECT: TAX FORECLOSED PROPERTY

DATE: February 8, 2023

Background

In January the City was notified by Lane County that they have scheduled an auction for a tax foreclosed property. One of the properties in the upcoming auction is within Cottage Grove. Under ORS 271.330(2)(a) the County can relinquish the property to a city or a non-profit corporation for the purpose of providing any of the following:

- (A) Low income housing;
- (B) Social services; or
- (C) Child care services.

The property within Cottage Grove is located at 1138 Thayer Avenue. It is a .14 acre site with an existing structure that is not safe and would need to be immediately removed. The size and shape of the property could lend itself to attached housing or tiny home construction.

The property is available for the City to request the transfer of the property for the approved purposes. The most likely purpose would be for low income housing and we have a number of organizations we could work with to develop the site.

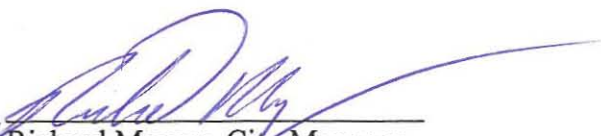
Attached to this memo is information about the property, provisions of the Lane County Manual and pictures of the property.

Recommendation

That the City Council support a request to transfer of the property at 1138 Thayer from Lane County to the City for the purpose of low income housing and authorize the City Manager to pursue the transfer of the property, remove the structure and seek partners to develop low income housing on the site.

Cost

Application fee and transfer costs.


Richard Meyers, City Manager



Memorandum Date: January 4, 2023

TO: City of Cottage Grove

PRESENTED BY: Kellie Hancock, Lane County Property Management

AGENDA ITEM TITLE: Tax Foreclosed Properties

I. AGENDA ITEM SUMMARY

The purpose of this memo is to present to the City of Cottage Grove the tax foreclosed properties available per ORS 271.330 (2)(a) Any political subdivision is granted express power to relinquish the title to any of the political subdivision's property to a qualifying nonprofit corporation or a municipal corporation for the purpose of providing any of the following:

- (A) Low income housing;
- (B) Social services; or
- (C) Child care services.
- (b) As used in this subsection:

(A) "Qualifying nonprofit corporation" means a corporation that is a public benefit corporation as defined in ORS 65.001 and that has obtained a ruling from the federal Internal Revenue Service providing that the corporation is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code.

(B) "Social services" and "child care services" include but are not limited to education, training, counseling, health and mental health services and the provision of facilities and administrative services to support social services and child care services.

II. TIMING/IMPLEMENTATION

The properties are scheduled to be auctioned the week of March 15 through March 22, 2023, at a sheriff's sale via online format. Notice is being given per LM 21.010.025 (C) and the Procedure for Requesting Transfer is described in LM 21.010.025 (D).

III. ATTACHMENTS

The list of available properties is attached as Exhibit A.

Exhibit A; 2023 Tax Foreclosure Auction

<u>Parcel</u>	<u>Map and Tax Lot</u>	<u>Real Market Value*</u>	<u>Minimum Bid</u>	<u>Size (acres)</u>	<u>Zoning</u>	<u>Property Description / Address**</u>
1	17-02-33-34-00800	\$51,929	\$8,407	0.25	LD	367 S 52nd St, Springfield; vacant lot
2	17-03-27-41-05200	\$287,938	\$19,307	0.17	LD	1577 Laura St, Springfield; 3Bd,1Ba,blt 1956, 1008sf; house uninhabitable
3	17-12-35-23-01000	\$39,240	\$2,384	0.25	RR1	Approximately 5402 Sand Dune Park Dr, Florence; vacant land
4	18-04-03-44-00200	\$73,580	\$5,617	0.37	R-1	Approximately 2650 Warren St, South Eugene; vacant
5	18-12-34-42-02400	\$63,282	\$1,521	0.32	RR2	Approximately 4975 Barrett Creek Lane, Florence; vacant
6	20-03-28-13-10400	\$42,206	\$11,016	0.14	R1	1138 Thayer Ave, Cottage Grove;1Bd,1Ba,blt 1920, 1000sf; house uninhabitable
7	21-35-17-14-04700	\$21,986	\$3,832	0.15	R1	76450 High St, Oakridge; land with fence, burned debris
8	18-12-23-31-03000	\$55,340	\$4,548	0.08	CV	253 Outer Drive, Coast Village, Florence; Older trailer onsite, needs property utility upgrades, HOA \$200/mo
9	16-07-18-46-01401	\$37,715	\$2,506	0.11	RR2	Approximately 92752 Triangle Lake Resort Road; vacant
10	18-05-34-00-00700	\$8,723	\$500	1.87	E40	Approximately 84815 Doane Road, Eugene; vacant
11	19-03-20-00-00505	\$82,801	\$5,000	0.53	RR5	Approximately 32085 Deberry Road, Creswell
12	21-35-10-33-04000	\$43,031	\$8,500	0.22	R1	Approximately 76757 Bugle Loop, Oakridge; vacant lot, backs up to Circle Bar golf course
13	17-04-22-14-03301	\$129,716	\$25,000	0.27	C2	Approximately 1510 Hwy 99N; land locked; intended use for adjacent owner
14	21-35-16-31-03500	\$2,728	\$1,200	0.05	C3	Approximately 48076 Highway 58, Oakridge; vacant
15	21-35-16-32-02900	\$2,117	\$1,000	0.04	C3	Approximately 48072 Highway 58, Oakridge; vacant
16	17-04-23-42-03500	\$500	\$25,000	0.11	R1	Approximately 812 Glory Drive, Eugene; vacant

*Per Lane County Assessor Roll 2022

**Approximate addresses are given as a courtesy and are not legal addresses

such sale is deemed by the Board to be in the best interests of Lane County, upon action of the Board.

5. The Department of Public Works is delegated authority to negotiate or sell excess County rights-of-way or real property acquired from the General Road Fund in the same manner as provided in LM 21.010.020B.1 through LM 21.010.020B.4.
- C. Conveyance of County-owned property acquired through tax foreclosure will be made by quitclaim deed without title insurance, except as may be negotiated with purchaser at the purchaser's expense. Other conveyances from the County will normally be made by bargain and sale deed, with the County providing title insurance, as negotiated with the purchaser.
- D. Real property acquired by tax foreclosure may be sold to the record owner or a contract purchaser of record as provided in ORS 275.180, when any of the following conditions exist:
 1. The property was placed on the foreclosure list as a result of an error or omission in the records of the Department of Assessment and Taxation.
 2. The property was the residence of the record owner or contract purchaser of record at the time of the foreclosure.
 3. The record owner or contract purchaser of record suffered from a mental or physical incapacity or inability during the foreclosure and redemption period, satisfactory evidence of which is presented to the Board of Commissioners.

(Order 98-4-1-11, 4.1.98; Order 22-07-19-01, 7.19.22)

21.010.025 - Donation of Tax-Foreclosed Property for Low-Income Housing, Social Services or Child Care.

A. Findings.

1. ORS 271.330(2) specifically permits counties to transfer county-owned property, tax-foreclosed or otherwise, to municipal or nonprofit corporations, with or without consideration, for the purpose of providing low-income housing, social services or child care. ORS 456.355 through ORS 456.370 further provides that counties have certain powers, including the power to convey property with or without consideration, to certain entities including nonprofit corporations, in order to aid in the development of housing projects.
2. The Board believes that safe, sanitary, affordable housing is essential to the stability and vitality of the County.
3. While property remains in County ownership as a result of tax-foreclosure, it fails to contribute to the tax revenue stream for taxing districts at the same time it requires maintenance at County expense.
4. The Board believes it is of much greater benefit to County residents to have such properties developed and used to provide low-income housing than to remain unused in County ownership.

B. Definitions.

"Low-Income Family" means a family whose annual income does not exceed eighty percent (80%) of the median income for the area, as determined annually by HUD.

"Municipal Corporation" means any governmental organization duly organized under the laws of the State of Oregon that has as one of its powers the authority to provide housing for low-income individuals or families.

"Nonprofit Corporation" means any corporation not for profit organized under ORS Chapter 65 for the purpose of undertaking, constructing, or operating decent, safe and sanitary housing for low-income individuals or families.

- C. Notification of Availability of Tax-Foreclosed Property. When the foreclosed property is deeded to the County, the County Real Estate Division responsible for managing such properties (hereinafter "Real Estate Division") shall notify the cities in Lane County, the Housing Authority and Community Services Agency of Lane County, and such nonprofit corporations that request notice, that properties are eligible for transfer under this program. The Real Estate Division shall not schedule Sheriff's sale on these properties until sixty (60) days after the notice is mailed. A municipal or nonprofit corporation may request the Real Estate Division withhold from Sheriff's sale one or more specific properties for a period not exceeding six (6) months to allow time for the requesting entity to consider making a proposal under LM 21.010.025(D).
- D. Procedure for Requesting Transfer.
1. A municipal or nonprofit corporation may request transfer of tax foreclosed property owned by the County at any time. The request shall be in writing, specifically identifying the property and describing the proposed use.
 2. The Real Estate Division shall in a timely manner, investigate the proposal and prepare a report for the Housing Policy Board, or other entity as designated by the Board, which covers the identity of the requesting entity; the proposed use of the property; the entity's ability (financial and otherwise) to accomplish the proposal; the location of the property and its market value and zoning; the taxes owing at the time the property was deeded to the County; and any costs incurred by the County to date in managing the property.
 3. The requesting entity shall cooperate with the Real Estate Division in the investigation, including making available as necessary such documentation as financial statements and development plans. The Real Estate Division shall work with staff to the Housing Policy Board (HPB) in conducting the investigation and preparing the report.
 4. The HPB shall review the report, direct further review as deemed necessary and make a recommendation to the Board. If the HPB's recommendation is to deny the request, the County Commissioner(s) on the HPB shall orally convey the recommendation to the Board and no further actions shall take place on the request unless directed by the Board.
 5. If the HPB's recommendation is to approve the request, the Real Estate Division shall schedule a public hearing on the request, as covered by ORS 271.330 and ORS 456.355 through ORS 456.370. The Division shall duly publish notice of the hearing on the transfer for two (2) successive weeks, before the hearing, and shall prepare the ordinance and appropriate agenda materials.
 6. At the conclusion of the hearing, the Board shall make a decision as to whether to grant or deny the request, based solely on its determination and judgment as to what is in the best interest of the public. Approval of any request shall be on such terms and conditions as deemed appropriate by the Board, and may be for consideration or for no consideration.
- E. Transfer. If approved, the transfer of title shall occur by quitclaim deed, which may provide, if so directed by the Board, that title shall revert to the County if the property ceases to be used for low-income housing purposes during a specified time period. If the requesting entity desires a bargain

and sale deed, such a deed shall be provided if a title report from a title insurance company selected by the County shows clear title and the requesting entity pays for the title insurance policy; the deed may also include a reversionary clause. Terms and conditions imposed by the Board or at its direction not appropriate to a deed shall be contained in a development agreement between the County and the entity. These may include conditions of development appropriate to the project, and elements and consequences of default.

- F. Fees. There is no fee for a request pursuant to LM 21.010.025C. The requesting entity shall tender with its request pursuant to LM 21.010.025D a non-refundable administrative fee of four hundred dollars (\$400) for processing the request. In addition, the requesting entity shall pay for the out-of-pocket costs of the transfer, including but not limited to the publication costs, and recording fees.
- G. Other Properties/Other Uses. The Board recognizes that ORS 271.330 permits donation of property acquired in some manner other than through tax foreclosure, and further that it permits donation to municipal or nonprofit corporations for social services or childcare purposes. Should a municipal or nonprofit corporation desire to have the Board consider donation of property obtained by any manner for statutorily identified purposes, the same process as described above should generally be followed. The ordinance shall specify the public benefit of the transfer, any restrictions deemed reasonable by the Board, any necessary repayment of constitutionally dedicated funds used in the acquisition or improvement of the property and the source of repayment, and the appraised value of the property if it is not tax-foreclosed property.
- H. The provisions of LM 21.010.025A through LM 21.010.025G are discretionary and not mandatory, despite the use of directory language ("shall" or "will"). Regardless of these provisions, the County specifically reserves the right to schedule a Sheriff's sale or sell any particular piece(s) of property at such time and in such manner as the Board deems in the County's best interest.

(Order 93-3-9-6, 3.9.93; Order 22-07-19-01, 7.19.22)

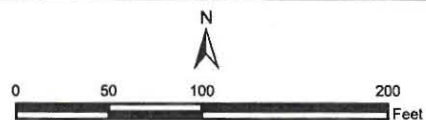
21.010.030 - Designation of County Forests, Parks, and Recreational Areas

- A. Upon the completion of those requirements set forth in LM 21.010.025, the County Administrator or designee may, in consultation with the Parks Division Manager, prepare a list of foreclosed properties to be designated and set aside for county forests, parks, and recreation areas. Only properties outside the corporate limits of a city shall be considered for inclusion on the property list.
- B. In preparing the property list, due consideration shall be given to at least the following:
 - 1. Environmental issues;
 - 2. Overall benefit to the County;
 - 3. Financial needs of the affected departments.
- C. The property list shall be brought before the Board of County Commissioners who may, by order, designate and set aside any such properties for county forest, public park, or recreational area uses. Any properties so set aside shall thereafter be managed by the Parks Division.
- D. Property designated under LM 21.010.030C may thereafter be alienated, sold, or conveyed pursuant to ORS 275.330 following the statutory process and requirements.
- E. If a designated property is alienated, sold, or conveyed pursuant to ORS 275.330(2), the proceeds shall be held for maintenance and improvement of existing park and recreation lands or future acquisition of lands to be set aside for park or recreational purposes.



Lane County GIS, Bureau of Land Management, State of Oregon, State of Oregon DOT, State of Oregon GEO, Esri Canada, Esri, HERE, Garmin, INCREMENT P, USGS, EPA, USDA

The information on this map was derived from digital databases on the Lane County regional geographic information system. Care was taken in the creation of this map, but is provided "as is". Lane County cannot accept any responsibility for errors, omissions or positional accuracy in the digital data or the underlying records. Current plan designation, zoning, etc., for specific parcels should be confirmed with the appropriate agency. There are no warranties, expressed or implied, accompanying this product. However, notification of any errors will be appreciated.



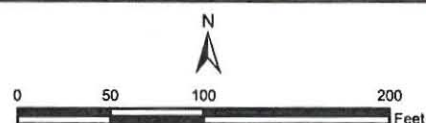
Lane County, Oregon

1138 Thayer Ave



Lane County GIS, Bureau of Land Management, State of Oregon, State of Oregon DOT, State of Oregon GEO, Esri, Canada, Esri, HERE, Garmin, INCREMENT P, USGS, EPA, USPA

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Lane County, Oregon

1138 Thayer Ave (aerial)



Figure 11 - 1138 Thayer taken looking east from Thayer Ave.



Figure 2 - 1138 Thayer Ave taken looking west from Thayer Ave.