

Application for Property Tax Exemption

Applicant name: Danco Communities
Applicant address: 5251 Ericson Way Ste A, Arcata, CA 95521
Email: mdibble@danco-group.com **Phone:** 707-672-4002
Project Name: Huntington Apartments
Project Location: 51771 Huntington Rd. La Pine, OR 97739

Developer and Administrative General Partner: Danco Communities
General Contractor: Danco Builders
Property Manager: Danco Communities
Managing General Partner: Engage NW
Resident Services Provider: NeighborImpact & Latino Community Association
Funding Agency: Oregon Housing and Community Services

A subsidiary of Danco Homes, LLC dba Danco Communities, a private entity, proposes to purchase the property and construct an affordable housing development. The project is referred to as Huntington Apartments.

1. A description of the property or a portion of the property for which the exemption is requested;

Huntington Apartments is an affordable housing development located in La Pine, OR. The project will deliver 60 units for rent to persons earning at or below 60% of the area median income (AMI). This project is utilizing the Oregon Affordable Housing Tax Credit Program (OAHTC), which allows the rents to drop closer to 50% AMI levels, while keeping the income threshold at 60% AMI. The development will consist of nine 2-story buildings, spanning the entirety of the 4.7-acre parcel. The garden style community will provide a community building, resident service program rooms, community gardens, tot lot, sport court, and ample parking. With Danco's expertise in sustainable development, this project will include the latest in sustainable building tech and practice, allowing ownership to pay all utilities for the future residents. We have partnered with NeighborImpact to provide a wide range of resident services at the property, focusing on adult and child education, financial literacy and stability, and health & wellness. NeighborImpact will work with the Latino Community Association, a local non-profit dedicated to serving Latino families in Central Oregon, in an effort to make the community program culturally relevant to all.

Unit Mix:	Schedule:
1 Bedroom- 16	OHCS Closing: 10/25/23
2 bedroom- 24	Construction Start: 11/1/23
<u>3 bedroom- 20</u>	Construction Finish: 6/1/25
Total- 60	Stabilization: 9/1/25

2. A description of the purpose of the project and whether all or a portion of the property is being used for that purpose;

The purpose of the Huntington Apartments project is to provide a quality living environment for low-income individuals and families in a region that has experienced rapid increases to the cost of living. We hope that the use of the OAHTC rent reduction and owner paid utilities will further reduce the burden of living in Central Oregon. The resident services plan developed by NeighborImpact and Latino Community Association will provide essential services tailored to the resident's specific needs. The ongoing resident services will help residents integrate into the surrounding community, connect to additional support networks, and become a contributing member of the La Pine community.

3. A certification of income levels of low income occupants;

Not applicable for new construction projects. See OHCS award letter for future requirements.

4. A description of how the tax exemption will benefit project residents;

Property tax exemption for the property and future improvements is a critical piece of the affordable housing finance structure that makes this project, and many like it, feasible to develop. The Net Operating Income (NOI) is at the minimum allowed by lenders in the space, making for a debt service coverage ratio (DSCR) of 1.20. The property tax exemption is required to maintain this underwriting standard and project viability. Given this current state, all of the value captured by the property tax exemption will be passed through to rent reductions, allowing the project to offer new class A apartments at or below 60% AMI rent levels.

5. If the exemption is an exemption described in ORS 307.518 (Alternative criteria for exemption), evidence satisfactory to the governing body that the corporation is a nonprofit corporation and meets the criteria for a public benefit corporation or a religious corporation;

The property will be owned by La Pine Huntington Road LP, of which Engage NW is the Managing General Partner. [Engage NW](#) is a 501(c)3 non-profit organization whose mission is to support affordable housing developments with administrative and resident services work. See attached Certificate of Limited Partnership and Agreement of Limited Partnership.

6. A description of the plans for development of the property if the property is being held for future low-income rental housing development; and

See question 1. An exemption is being requested for the entire property to be developed.

7. A description of how the applicant and the property, respectively, meet any additional criteria adopted by the governing body pursuant to ORS 307.517 (Criteria for exemption) (2) or 307.518 (Alternative criteria for exemption) (2).

No additional criteria have been adopted for this project. If and when any are adopted, we will supplement this Application with a response to each additional criteria.