

REVENUE: No revenue impact

FISCAL: No fiscal impact

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<b>Action:</b>	Do Pass as Amended and Be Printed Engrossed
<b>Vote:</b>	7 - 0 - 0
<b>Yeas:</b>	Bonamici, Galizio, Gilliam, Girod, Nelson, Riley, Holvey
<b>Nays:</b>	0
<b>Exc.:</b>	0
<b>Prepared By:</b>	Steve Dixon, Administrator
<b>Meeting Dates:</b>	4/13, 4/23

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**WHAT THE MEASURE DOES:** Authorizes the creation of affordable housing covenants restricting the price, rental rate or occupancy. Covenants are entered into on a voluntary basis by property owner in exchange for benefits of subsidy. Covenants are designed to help ensure adequate supplies of rental and owner-occupied affordable housing for low and moderate income households. The covenant is to be recorded in the deed, mortgage or other written instrument executed by the owner of real property. Covenant may restrict use of real property for affordable housing as a condition for providing subsidies to low and moderate income individuals for the purpose of buying a home.

States legislative declaration of serious shortage of affordable housing. Defines affordable housing covenant as a nonpossessory interest in real property imposing limitations and obligations that encourage development and availability of low and moderate income housing.

**ISSUES DISCUSSED:**

- How Covenants work in the housing marketplace.
- How transferability of covenants work
- Problems encountered in court when covenants are challenged by property owners
- Need to ensure that dollars spent on covenants remain in the affordable housing market.

**EFFECT OF COMMITTEE AMENDMENT:** No effect on policy, technical amendments to language.

**BACKGROUND:** Currently, deed restrictions and affordability covenants occur in the marketplace. However, there is no comprehensive enabling statute for such affordability covenants in Oregon law. The lack of an enabling statute may put existing agreements in jeopardy should they be challenged in court. Also, lack statutory language authorizing public funds intended to provide long-term affordable homeownership may limit options for low and moderate income homebuyers.

There is precedent for such enabling legislation, in Oregon where there are similar statutes as well as outside Oregon in states with affordable housing covenant enabling statutes. For example, Oregon Department of Housing and Community Services (OHCS) is authorized by a specific statute that establishes the validity of its affordable housing deed restrictions (ORS 456.625(15)). It provides (in part):

OHCS may execute and record written instruments that contain terms, including but not limited to restrictive covenants or equitable servitudes, pertaining to the use and enjoyment of housing projects. Notwithstanding any other provision of law, the executed instruments shall constitute and create restrictive covenants affecting and running with the property according to the terms of the instruments when recorded in the records of the county where the property is located.