

# A-Engrossed House Bill 2095

Ordered by the House March 9  
Including House Amendments dated March 9

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## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Allows housing authority to own mixed income housing project. Allows housing authority to form, finance, have nonstock interest in and **manage or** operate partnerships, nonprofit corporations and limited liability companies to further purposes of housing authority.

Replaces requirement for annual housing authority report with requirement for annual audit. Changes means for proving proper appointment of housing authority commissioner.

Revises definitions for affordable housing and for persons meeting housing authority income criteria. **Restricts use of term "housing authority."**

**Defines "property of a housing authority" for tax and special assessment purposes.**

## A BILL FOR AN ACT

1  
2 Relating to housing authorities; creating new provisions; amending ORS 307.092, 456.055, 456.065,  
3 456.095, 456.120, 456.125, 456.153, 456.160 and 457.190; and repealing ORS 456.170.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1. Sections 2 and 3 of this 2007 Act are added to and made a part of ORS 456.055**  
6 **to 456.235.**

7 **SECTION 2. At least once each year, a housing authority shall procure an independent**  
8 **audit of authority finances and activities for the preceding year, make the audit available for**  
9 **inspection by the public and provide a copy of the audit to each governing body that appoints**  
10 **the housing authority commissioners.**

11 **SECTION 3. No person other than a housing authority created under ORS 456.055 to**  
12 **456.235 may use the term "housing authority" or a variation of the term "housing**  
13 **authority" in the corporate or other business name or title of the person. Any housing au-**  
14 **thority may bring a civil suit to enjoin a violation of this section, regardless of whether the**  
15 **housing authority shows that the authority will suffer damage from the violation.**

16 **SECTION 4. ORS 307.092 is amended to read:**

17 **307.092. (1) As used in this section, "property of a housing authority" includes, but is not**  
18 **limited to:**

19 **(a) Property that is held under lease or lease purchase agreement by the housing au-**  
20 **thority; and**

21 **(b) Property of a partnership, nonprofit corporation or limited liability company for**  
22 **which the housing authority is a general partner, director or manager, if the property is**  
23 **leased or rented to persons of lower income for housing purposes.**

24 **[(1)] (2) Except as provided in subsection [(2)] (3) of this section, the property of a housing**

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 authority[, including property held under lease or lease purchase agreement by the authority, or prop-  
 2 erty of a partnership wherein the authority is general partner or general manager, which partnership  
 3 property is leased or rented to persons of lower income for housing purposes,] is declared to be public  
 4 property used for essential public and governmental purposes and such property and an authority  
 5 shall be exempt from all taxes and special assessments of the city, the county, the state or any  
 6 political subdivision thereof. In lieu of such taxes or special assessments, an authority may agree  
 7 to make payments to the city, county or any such political subdivision for improvements, services  
 8 and facilities furnished by such city, county or political subdivision for the benefit of a housing  
 9 project, but in no event shall such payments exceed the estimated cost to the city, county or poli-  
 10 tical subdivision of the improvements, services or facilities to be so furnished.

11 [(2)] (3) The provisions of subsection [(1)] (2) of this section regarding exemption from taxes and  
 12 special assessments shall not apply to property of the housing authority that is commercial property  
 13 leased to a taxable entity.

14 **SECTION 5.** ORS 456.055 is amended to read:

15 456.055. As used in the Housing Authorities Law, unless the context requires otherwise:

16 (1) "Affordable housing" means [housing for which persons or families pay 30 percent or less of  
 17 their gross income for housing, including necessary and essential utilities.] **dwelling units that may**  
 18 **be purchased or rented, with or without government assistance, by persons of eligible in-**  
 19 **come.**

20 (2) "**Blighted area**" means any area where housing, by reason of neglect and dilapidation,  
 21 is detrimental to the safety or health of the occupants or of the neighborhood in which the  
 22 housing is located.

23 [(2)] (3) "Bonds" means any bonds, notes, interim certificates, debentures or other obligations  
 24 issued by an authority pursuant to the Housing Authorities Law. The giving of a note secured by  
 25 a mortgage or trust deed will not constitute a bond.

26 [(3)] (4) "The city" means the particular city included within a particular housing authority.

27 [(4)] (5) "Clerk" means the recorder of the city or the clerk of the county, as the case may be,  
 28 or the officer of the city or the county, respectively, charged with the duties customarily imposed  
 29 on such clerk.

30 [(5)] (6) "County" means any county in the state. "The county" means a particular county or  
 31 counties for which a particular housing authority is created.

32 [(6)] (7) "Governing body" means, in the case of a city, the common council or other legislative  
 33 body thereof, and, in the case of a county, the county court, commission or other legislative body  
 34 thereof.

35 [(7)] (8) "Housing" means housing of all kinds, including but not limited to single-family  
 36 dwellings, multifamily dwellings, emergency shelters, dwelling accommodations, living accommo-  
 37 dations, **manufactured dwelling parks**, residential units, housing projects or other dwellings.

38 [(8)] (9) "Housing unit" or "unit" means a single-family dwelling, a single apartment or other  
 39 single dwelling.

40 [(9)] (10) "Mixed income housing" means a housing project that houses tenants with a mixture  
 41 of income levels, including those not of lower income, for the purpose of reducing the rents for  
 42 tenants whose incomes are no greater than 60 percent of the area median income.

43 [(10)] (11) "Obligee of the authority" or "obligee" includes any bondholder or trustee for any  
 44 bondholder, or lessor demising to the authority property used in connection with a housing project,  
 45 or any assignee of such lessor's interest or any part thereof, and the federal government when it is

1 a party to any contract with the authority.

2 **(12) “Persons of eligible income” means individuals or families who meet the applicable**  
3 **income limits of local, state or federally funded programs or developments.**

4 [(11)] **(13) “Private market” means those rental housing units owned and operated by nongov-**  
5 **ernment entities and without government subsidies.**

6 [(12)] **(14) “Person of lower income” [and] or “family of lower income” means a person or a**  
7 **family, residing in this state, [who cannot obtain in the open market, decent, safe and sanitary housing,**  
8 **including the costs of utilities and taxes, for 25 percent of the gross income of such person or family.]**  
9 **whose income is not greater than 80 percent of the area median income, adjusted for family**  
10 **size, as determined by the Housing and Community Services Department using United States**  
11 **Department of Housing and Urban Development information.**

12 [(13)] **“Person of very low income” or “family of very low income” means a person or a family**  
13 **whose income is no greater than 50 percent of the area median income, adjusted for family size, as**  
14 **determined by the Housing and Community Services Department.]**

15 [(14)] **(15) “Real property” includes all lands, including improvements and fixtures thereon, and**  
16 **property of any nature appurtenant thereto, or used in connection therewith, and every estate, in-**  
17 **terest and right, legal or equitable, therein, including terms for years and liens by way of judgment,**  
18 **mortgage or otherwise and the indebtedness secured by such liens.**

19 [(15)] **“Slum” means any area where housing, by reason of neglect and dilapidation, is detrimental**  
20 **to the safety or health of the occupants, or the neighborhood in which it is located.]**

21 **SECTION 6.** ORS 456.065 is amended to read:

22 **456.065. (1) As used in this section:**

23 **(a) “Community services” means services provided by public or private nonprofit organ-**  
24 **izations or service agencies that may include, but are not limited to, child care, early child-**  
25 **hood education, health, human resources, information and referral services, basic life skills**  
26 **and adult literacy classes, support services designed to improve self-sufficiency and recre-**  
27 **ational programs.**

28 **(b) “Community services facilities” includes, but is not limited to, all buildings, grounds**  
29 **or other real or personal property necessary to provide a public benefit, appurtenances that**  
30 **are necessary, convenient or desirable, streets, sewers, water service and other utilities,**  
31 **parks and gardens.**

32 [(1)] **(2) As used in the Housing Authorities Law, unless the context requires otherwise, “hous-**  
33 **ing project” means any work or undertaking:**

34 [(a)] **To demolish, clear or remove buildings from any slum area. Such work or undertaking may**  
35 **embrace the adaptation of such area to public purposes, including housing, parks, community services**  
36 **facilities or other recreational, educational, cultural or community purposes.]**

37 [(b)] **(a) To provide decent, safe and sanitary urban or rural housing for persons or families of**  
38 **lower income. [Such] A work or undertaking described in this paragraph may include buildings,**  
39 **land, equipment, facilities and other real or personal property for necessary, convenient or desirable**  
40 **appurtenances, streets, sewers, water service and other utilities, parks, site preparation, gardening,**  
41 **administrative, community services, leased commercial facilities consistent with mixed residential**  
42 **and commercial communities, health, recreational, educational, welfare or other purposes authorized**  
43 **under ORS 456.055 to 456.235.**

44 [(c)] **(b) To provide community services facilities for the benefit of the health, recreation, edu-**  
45 **cation, culture and welfare of the entire community, without regard to the economic status of the**

1 persons or families *[which]* **who** may utilize *[them]* **the facilities**. *[Community services facilities may*  
 2 *include, but not be limited to, all necessary real or personal property, buildings and grounds together*  
 3 *with all necessary, convenient or desirable appurtenances, streets, sewers, water service and other*  
 4 *utilities, parks and gardens.]*

5 **(c) To demolish, clear or remove buildings from any blighted area. A work or an under-**  
 6 **taking described in this paragraph may embrace the adaptation of the area to public pur-**  
 7 **poses, including housing, parks, community services facilities or other recreational,**  
 8 **educational, cultural or community purposes.**

9 (d) To accomplish a combination of the projects *[listed]* **described** in paragraphs (a), (b) and (c)  
 10 of this subsection, *[but it may also be applied to]* **or accomplish** the planning of the buildings and  
 11 improvements, the acquisition of property, the demolition of existing structures, the construction,  
 12 reconstruction, alteration and repair of the improvements and all other work in connection *[there-*  
 13 *with]* **with those projects.**

14 (e) To provide management, administration and contract services between the housing authority  
 15 and owners of decent, safe and sanitary housing for the purpose of providing *[housing assistance*  
 16 *payments to owners on behalf of eligible families]* **affordable housing to persons of eligible**  
 17 **income.**

18 *[(2) For purposes of this section, "community services" means services provided by public or private*  
 19 *nonprofit organizations or service agencies that may include, but are not limited to, child care, early*  
 20 *childhood education, health, human resources, information and referral services, basic life skills and*  
 21 *adult literacy classes, support services designed to improve self-sufficiency, and recreational*  
 22 *programs.]*

23 **SECTION 7.** ORS 456.095 is amended to read:

24 456.095. (1) When the governing body of a city or county adopts a resolution pursuant to ORS  
 25 456.085, the governing body may then elect to have the powers of a housing authority under this  
 26 chapter, ORS chapter 455 and ORS 446.515 to 446.547 exercised in any of the following ways:

27 (a) Appointing by resolution, a commission composed of five, seven or nine persons.

28 (b) Declaring, by resolution, that the governing body, itself, shall exercise the powers of a  
 29 housing authority under this chapter, ORS chapter 455 and ORS 446.515 to 446.547. A governing  
 30 body that exercises the powers of a housing authority may appoint at least one but not more than  
 31 two additional commissioners for the housing authority. An appointed commissioner has the same  
 32 authority as other housing authority commissioners, but may not exercise any powers of the gov-  
 33 erning body. At least one appointed commissioner must be a resident who receives direct assistance  
 34 from the housing authority. The second appointed commissioner, if any, at a minimum must live  
 35 within the jurisdiction of the authority. An appointed commissioner serves a term of office equal in  
 36 length to the terms of office for governing body members, but not more than four years. An ap-  
 37 pointed commissioner may be removed only for cause as described in ORS 456.110 or if the com-  
 38 missioner ceases to meet the requirements for being an appointed commissioner. In the event that  
 39 a housing authority commission consisting of the governing body of a city and one or more ap-  
 40 pointed commissioners has an even number of members, the mayor shall be included as a member  
 41 of the commission for the housing authority. An act of a governing body exercising the powers of  
 42 a housing authority is an act of the commission for the housing authority only and not of the gov-  
 43 erning body.

44 (2) When the governing bodies of two or more authorities join and cooperate with one another  
 45 and create a regional authority to exercise all the powers conferred by the Housing Authorities

1 Law, as authorized by ORS 456.140, the governing bodies of the cooperating cities and counties shall  
2 by resolution appoint a commission for the regional authority consisting of nine persons. The co-  
3 operating cities and counties shall each appoint an equal number of the nine commissioners. If nine  
4 divided by the number of joining or cooperating cities and counties produces a fraction, then the  
5 commissioners appointed by such cities and counties shall appoint one commissioner so that nine  
6 commissioners in all are appointed. The nine commissioners appointed by or on behalf of cities or  
7 counties may appoint at least one but not more than two additional commissioners for the housing  
8 authority. At least one additional commissioner must be a resident who receives direct assistance  
9 from the housing authority. The second additional commissioner, if any, at a minimum must live  
10 within the jurisdiction of the authority. The term of office for an additional commissioner is equal  
11 to the term of office for a commissioner appointed by or on behalf of cities or counties. An addi-  
12 tional commissioner may be removed only for cause as described under ORS 456.110 or if the person  
13 ceases to meet the requirements for being an additional commissioner.

14 (3) A commissioner of an authority may not be an officer or employee of any city or county for  
15 which the authority is created, unless the commissioner is a member of the governing body or one  
16 of the governing bodies.

17 (4) Persons appointed to the commission shall include a variety of occupations. At least one  
18 commissioner, but not more than two commissioners, appointed under subsection (1)(a) of this sec-  
19 tion must be a resident who receives direct assistance from the housing authority.

20 *[(5) A certificate of appointment or reappointment of any commissioners shall be filed with the clerk*  
21 *of each of the cities and counties included in the authority. Such certificate shall be conclusive evidence*  
22 *of the due and proper appointment of a commissioner.]*

23 **(5) A governing body shall adopt a resolution for the appointment or reappointment of a**  
24 **commissioner. A governing body resolution is conclusive evidence that the commissioner was**  
25 **properly appointed.**

26 **SECTION 8.** ORS 456.120 is amended to read:

27 456.120. A housing authority shall constitute a public body corporate and politic, exercising  
28 public and essential governmental functions, and having all the powers necessary or convenient to  
29 carry out and effectuate the purposes of the Housing Authorities Law. These powers shall be vested  
30 in the commissioners of the authority and shall include the following in addition to others granted  
31 in the Housing Authorities Law:

32 (1) To sue and be sued.

33 (2) To have a seal and to alter the same at pleasure.

34 (3) To have perpetual succession.

35 (4) To make and execute contracts and other instruments necessary or convenient to the exer-  
36 cise of the powers of the authority.

37 (5) To make and from time to time amend and repeal bylaws, rules and regulations, not incon-  
38 sistent with the Housing Authorities Law, to carry into effect the powers and purposes of the au-  
39 thority.

40 (6) To arrange or contract for the furnishing by any person or agency, public or private, of  
41 services, privileges, works or facilities for, or in connection with, a housing project or the occupants  
42 thereof.

43 (7) Notwithstanding any laws to the contrary, to include in any contract let in connection with  
44 a project, stipulations requiring that the contractor and any subcontractors comply with require-  
45 ments as to minimum wages and maximum hours of labor, and comply with any conditions which the

1 federal government attaches to its financial aid of the project.

2 (8) To lease or rent any housing, lands, buildings, structures or facilities embraced in any  
3 housing project and, subject to the limitations of the Housing Authorities Law, to establish and re-  
4 vise the rents or charges therefor.

5 (9) To own, hold and improve real or personal property.

6 (10) To purchase, buy on contract, exchange, lease, lease back, obtain options upon, acquire by  
7 gift, grant, bequest, devise or otherwise any real or personal property or any interest therein and  
8 to give its mortgage or trust deed covering any real property or security agreement covering any  
9 personal property or any interest in either.

10 (11) To sell, mortgage, lease, rent, exchange, transfer, assign, pledge or otherwise dispose of any  
11 real or personal property or any interest therein.

12 (12) To insure or provide for the insurance of any real or personal property or operations of the  
13 authority against any risks or hazards.

14 (13) To procure insurance or guarantees from the federal government of the payment of any  
15 debts or parts thereof, whether or not incurred by said authority, secured by mortgages on any  
16 property included in any of its housing projects.

17 (14) To invest any funds held in reserves or sinking funds, or any funds not required for imme-  
18 diate disbursement, in property or any investment in which an Oregon city may legally invest sur-  
19 plus funds, and, in addition, to invest bond proceeds and amounts held in bond payment, reserve and  
20 proceeds accounts in investment agreements that:

21 (a) Produce a guaranteed rate of return;

22 (b) Are fully collateralized by direct obligations of, or obligations guaranteed by, the United  
23 States; and

24 (c) Require that the collateral be held by the authority, an agent of the authority or a third-  
25 party safekeeping agent.

26 (15) To purchase its bonds at a price not more than the principal amount thereof and accrued  
27 interest, all bonds so purchased to be canceled.

28 (16) To exercise all or any part or combination of powers granted in the Housing Authorities  
29 Law.

30 (17) To borrow money pursuant to ORS 456.055 to 456.235 or as otherwise allowed and accept  
31 advances, loans or grants or any other form of financial assistance or any combination of these  
32 forms of assistance from the federal government, state, county or other public body, or from any  
33 sources, public or private, for the purpose of undertaking and carrying out housing projects.

34 (18) To enter in a partnership agreement with or loan money to an individual, partnership, cor-  
35 poration or other association to finance, plan, undertake, construct, acquire, **manage** or operate a  
36 housing project.

37 (19) To finance, **develop, own, operate or manage** a mixed income housing project that [*will*  
38 *not be owned by the authority and*] meets the following requirements:

39 (a) No fewer than 20 percent of the units in the project so financed shall be rented to households  
40 with incomes of 50 percent or less of area median income;

41 (b) No fewer than 40 percent of the units in the project so financed shall be rented to households  
42 with incomes of 60 percent or less of area median income; or

43 (c) The minimum requirements imposed by any federal tax law that is applicable to the project.

44 **(20) To form, finance and have a nonstock interest in, and to manage or operate, part-**  
45 **nerships, nonprofit corporations and limited liability companies in order to further the pur-**

1 **poses of the housing authority.**

2 **SECTION 9.** ORS 456.125 is amended to read:

3 456.125. Within its area of operation, a housing authority may:

4 (1) Investigate into living, dwelling and housing conditions and into the means and methods of  
5 improving such conditions by either the housing authority or the private market.

6 (2) Determine where [*slum*] **blighted** areas exist or where there is a shortage of decent, safe and  
7 sanitary housing for persons or families of lower income.

8 (3) Make studies and recommendations relating to the problem of clearing, replanning and re-  
9 constructing [*slum*] **blighted** areas to provide affordable housing and the problem of providing  
10 housing for persons or families of lower income. An authority is encouraged to cooperate with the  
11 private market and the city, county or state or any of their political subdivisions in action taken in  
12 connection with identifying and solving such problems.

13 (4) Engage in research, studies and experimentation on the subject of housing.

14 (5) Prepare, carry out, acquire, lease and operate housing projects.

15 (6) Provide for the construction, reconstruction, improvement, alteration or repair of any hous-  
16 ing project or any part thereof.

17 **SECTION 10.** ORS 456.153 is amended to read:

18 456.153. A housing authority may finance, **develop, own, manage or operate** a mixed income  
19 housing project if:

20 (1) The housing authority determines that a substantial number of persons [*or families of very*  
21 *low*] **of eligible** income in the area served by the authority cannot obtain housing for 30 percent or  
22 less of their income.

23 (2) Based on the determination under subsection (1) of this section, the housing authority adopts  
24 a resolution declaring the need for additional housing for persons or families of lower income that  
25 can be addressed by the [*provision of financing for*] **authority financing, developing, owning,**  
26 **managing or operating** a mixed income housing project.

27 **SECTION 11.** ORS 456.160 is amended to read:

28 456.160. In the operation or management of housing projects, a housing authority shall at all  
29 times observe the following duties with respect to rentals and tenant selection:

30 (1) [*It*] **A housing authority** may rent or lease the housing only to persons [*or families of*  
31 *lower*] **of eligible** income, except:

32 (a) [*Where an authority enters into a lease agreement under which the authority manages housing*  
33 *for the owner thereof,*] **If the authority owns, operates or manages the housing and** a substantial  
34 number of **the** housing units [*shall*] **are required to** be rented or leased to persons [*or families of*  
35 *lower*] **of eligible** income; or

36 (b) [*When an acquisition of*] **If the authority acquires** an existing housing unit **that** houses a  
37 tenant not of [*lower*] **eligible** income, the tenant may remain in the unit at the discretion of the  
38 authority, unless the tenant is determined ineligible for reasons other than income qualification.

39 (2) [*It*] **A housing authority** may rent or lease the housing at rents no higher than will provide  
40 revenue sufficient to give financial stability to the housing authority. [*However,*] This limitation  
41 [*shall*] **does** not apply to housing units that are **owned, operated or managed as described in**  
42 **subsection (1) of this section if the units are** not occupied by families receiving assistance from  
43 an authority [*where an authority manages such units pursuant to a lease agreement with the owner*  
44 *thereof in accordance with subsection (1) of this section*].

45 **SECTION 12.** ORS 457.190 is amended to read:

1           457.190. (1) An urban renewal agency may borrow money and accept advances, loans, grants and  
2 any other form of financial assistance from the federal government, the state, county or other public  
3 body, or from any sources, public or private, for the purposes of undertaking and carrying out urban  
4 renewal projects.

5           (2) An urban renewal agency may do all things necessary or desirable to secure such financial  
6 aid, including obligating itself in any contract with the federal government for federal financial aid  
7 to convey to the federal government the project to which the contract relates upon the occurrence  
8 of a substantial default thereunder, in the same manner as a housing authority may do to secure  
9 such aid in connection with *[slum]* **blighted area** clearance and housing projects under the Housing  
10 Authorities Law.

11           (3)(a) Each urban renewal plan adopted by ordinance on or after July 14, 1997, that provides for  
12 a division of taxes pursuant to ORS 457.440 shall include in the plan the maximum amount of  
13 indebtedness that may be issued or incurred under the plan. Notwithstanding subsection (1) of this  
14 section, if a maximum amount of indebtedness is not included in the plan, the urban renewal agency  
15 may not issue indebtedness for which taxes divided under ORS 457.440 are to be pledged to carry  
16 out the plan.

17           (b) Each urban renewal plan adopted by ordinance on or after December 6, 1996, and before July  
18 14, 1997, that provides for a division of taxes pursuant to ORS 457.440 but does not include a max-  
19 imum amount of indebtedness that may be issued or incurred under the plan shall be changed, by  
20 substantial plan amendment pursuant to ORS 457.220, to include the maximum amount of indebt-  
21 edness that may be issued or incurred under the plan before July 1, 2000. Notwithstanding sub-  
22 section (1) of this section, if a maximum amount of indebtedness is not included in the plan on or  
23 before July 1, 2000, the urban renewal agency may not on or after July 1, 2000, issue indebtedness  
24 for which taxes divided under ORS 457.440 are to be pledged to carry out the plan.

25           (c)(A) Each existing urban renewal plan that provides for a division of taxes pursuant to ORS  
26 457.420 to 457.460 may be changed by substantial amendment no later than July 1, 1998, to include  
27 a maximum amount of indebtedness that may be issued or incurred under the plan determined as  
28 described in subparagraph (B) of this paragraph. The additional notices required under ORS 457.120  
29 are not required for an amendment adopted pursuant to this paragraph.

30           (B) The maximum amount of indebtedness that may be issued or incurred under the plan, as  
31 determined for purposes of meeting the requirements of this paragraph, shall be based upon good  
32 faith estimates of the scope and costs of projects, including but not limited to increases in costs due  
33 to reasonably anticipated inflation, in the existing urban renewal plan and the schedule for their  
34 completion as completion dates were anticipated as of December 5, 1996. The maximum amount of  
35 indebtedness shall be specified in dollars and cents.

36           (C) Notwithstanding subsection (1) of this section, if a maximum amount of indebtedness is not  
37 adopted for an existing urban renewal plan as described in this paragraph before July 1, 1998, the  
38 urban renewal agency may not collect funds under ORS 457.435.

39           **SECTION 13. ORS 456.170 is repealed.**

40