

REVENUE: No revenue impact

FISCAL: No fiscal impact

Action:	Do Pass
Vote:	7 - 0 - 1
Yeas:	Clem, Conger, Matthews, Sheehan, Smith J., Holvey, Whisnant
Nays:	0
Exc.:	Cameron
Prepared By:	Jan Nordlund, Administrator
Meeting Dates:	4/28, 5/10

WHAT THE MEASURE DOES: Allows any money credited to the Housing Development and Guarantee Account to be used for housing for persons with low or very low incomes. Authorizes the Housing and Community Services Department to set interest rates on loans made from the account.

ISSUES DISCUSSED:

- Portion of grants or loans used for acquiring or rehabilitating existing housing
- Funds used to develop nonprofit organizations

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: The Housing and Community Services Department is Oregon's housing finance agency, providing financial and program support to create and preserve opportunities for quality, affordable housing for Oregonians of lower and moderate income. The Department was created in 1991 when the Legislature merged the Oregon Housing Agency with State Community Services.

Current law only allows for distribution of revenue earned from investment in the principal in the Housing Development and Guarantee Account. However, the Department was advised by the Department of Justice that it was legislative intent that any resource deposited in the Account, as well as investment earning, could be expended as grants or loans. Senate Bill 151 clarifies in statute that the Department can distribute other funds credited to the account.

Current law also requires loans provided through the account to bear an interest rate that is equal to the interest rate paid on U.S. Treasury long-term obligations. The Department indicates that this limits the ability to provide low or zero interest loans that can be important when housing is developed to serve the very lowest income residents.

The use of grants and loans to rehabilitate and acquire existing housing has grown in recent years compared to funding of new construction. Since 2006, 57 percent of Account expenditures went to acquiring and rehabilitating existing housing. In the last funding cycle (2010), 81 percent of Account expenditures went toward acquisition and rehabilitation, which is consistent with the Department's goal to preserve existing federally subsidized housing.

The Oregon Housing Fund is separate from the General Fund, and consists of five separate revolving accounts: (1) Housing Development and Guarantee Account, (2) Emergency Housing Account, (3) Home Ownership Assistance Account, (4) Farmworker Housing Development Account, and (5) General Housing Account.

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This summary has not been adopted or officially endorsed by action of the committee.