

REVENUE: No revenue impact

FISCAL: Minimal fiscal impact, no statement issued

Action:	Do Pass as Amended and Be Printed Engrossed
Vote:	5 - 0 - 0
Yeas:	Bonamici, Dingfelder, Kruse, Whitsett, Prozanski
Nays:	0
Exc.:	0
Prepared By:	Aaron Knott, Counsel
Meeting Dates:	3/15, 4/12

WHAT THE MEASURE DOES: Provides that if property is subject to an affordable housing covenant, sale is subject to the right of the eligible covenant holder to purchase property for the total sum of obligations secured by the trust deed or mortgage on the property or the highest bid received for the property other than a bid from the eligible covenant holder. Requires a notice of sale and judgment of foreclosure and sale to give notice as to the rights of eligible covenant holders. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Definition of covenant
- Non-profit organizations specializing in the provision of low-income housing
- “The right of first refusal” and possible price distortion caused by this proposal

EFFECT OF COMMITTEE AMENDMENT: Removes portions of the bill; clarifies definitions.

BACKGROUND: ORS 86.745 governs the notice of a sale of property brought about by a foreclosure action. Senate Bill 519 A specifies procedures for properties either subject to an affordable housing covenant, any sale of the property in a foreclosure action is subject to the right of the eligible covenant holder to purchase the property. As proposed in Senate Bill 519 A, this grants to such parties the first right to purchase the property for the lesser of the total sum of the obligations secured by the trust deed or a mortgage on the property that is owed and due to all persons that have an interest in the property, or the highest bid received for the property other than a bid from the covenant holder. As a practical matter, this gives the covenant holder "the right of first refusal," or the opportunity to make a bid on the property to be foreclosed superior to other claimants. Senate Bill 519 A further provides that any notice of sale or judgment of foreclosure identify and give notice as to the rights of applicable covenant holders.

“Affordable housing covenant” is statutorily defined by ORS 456.270 as a nonpossessory interest in real property imposing limitations, restrictions or affirmative obligations that encourage development or that ensure continued availability of affordable rental and owner-occupied housing for low or moderate income individuals.