

Senate Bill 150

Printed pursuant to Senate Interim Rule 213.28 by order of the President of the Senate in conformance with pre-session filing rules, indicating neither advocacy nor opposition on the part of the President (at the request of Governor John A. Kitzhaber for Housing and Community Services Department)

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 **as introduced**.

Directs Housing and Community Services Department to designate counties as exception counties if substantial disparity exists between median household income and cost of safe and affordable housing.

Permits use of moneys in Oregon Housing Fund to benefit individuals and households of moderate income in exception counties.

Modifies role of State Housing Council with respect to Oregon Housing Fund.

A BILL FOR AN ACT

1
2 Relating to the Oregon Housing Fund; creating new provisions; and amending ORS 458.610, 458.620,
3 458.625, 458.630, 458.650, 458.655, 458.660 and 458.665.

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

5 **SECTION 1. Section 2 of this 2011 Act is added to and made a part of ORS 458.600 to**
6 **458.665.**

7 **SECTION 2. (1) The Housing and Community Services Department shall designate, with**
8 **advice from the State Housing Council, counties in this state that have a substantial dis-**
9 **parity between the median household income and the cost of safe and affordable housing as**
10 **exception counties for purposes of ORS 458.600 to 458.665.**

11 **(2) The department shall regularly review data from the United States Department of**
12 **Housing and Urban Development and other appropriate sources in making or modifying the**
13 **designation of exception counties under this section.**

14 **SECTION 3. ORS 458.610 is amended to read:**

15 458.610. For purposes of ORS 458.600 to 458.665:

16 (1) "Council" means the State Housing Council established in ORS 456.567.

17 (2) "Department" means the Housing and Community Services Department established in ORS
18 456.555.

19 **(3) "Exception county" means a county designated as an exception county by the de-**
20 **partment under section 2 of this 2011 Act.**

21 ~~[(3)]~~ **(4) "Low income" means income of individuals or households that *[receive more]* is greater**
22 **than 50 percent *[and]* but not more than 80 percent of the median family income for the area, sub-**
23 **ject to adjustment for areas with unusually high or low incomes or housing costs~~[, all]~~ as determined**
24 **by the *[council]* department based on information from the United States Department of Housing**
25 **and Urban Development and other appropriate sources.**

26 ~~[(4)]~~ **(5) "Minority" means an individual:**

27 (a) Who has origins in one of the black racial groups of Africa but who is not Hispanic;

28 (b) Who is of Hispanic culture or origin;

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 (c) Who has origins in any of the original peoples of the Far East, Southeast Asia, the Indian
2 subcontinent or the Pacific Islands; or

3 (d) Who is an American Indian or Alaskan Native having origins in one of the original peoples
4 of North America.

5 **(6) “Moderate income” means income of individuals or households that is greater than**
6 **80 percent but not more than 120 percent of the median family income for the area, subject**
7 **to adjustment for areas with unusually high or low incomes or housing costs as determined**
8 **by the department based on information from the United States Department of Housing and**
9 **Urban Development and other appropriate sources.**

10 [(5)] (7) “Organization” means a:

11 (a) Nonprofit corporation established under ORS chapter 65;

12 (b) Housing authority established under ORS 456.055 to 456.235; or

13 (c) Local government as defined in ORS 197.015.

14 [(6)] (8) “Persons with disabilities” means persons with handicaps described in 42 U.S.C. 3602(h).

15 [(7)] (9) “Very low income” means **income of** individuals or households that [receive] **is** 50 per-
16 cent or less of the median family income for the area, subject to adjustment for areas with unusually
17 high or low incomes or housing costs[, all] as determined by the [council] **department** based on in-
18 formation from the United States Department of Housing and Urban Development **and other ap-**
19 **propriate sources.**

20 **SECTION 4.** ORS 458.620 is amended to read:

21 458.620. (1) There is created, separate and distinct from the General Fund of the State Treasury,
22 the Oregon Housing Fund, which consists of five separate revolving accounts:

23 (a) The Housing Development and Guarantee Account;

24 (b) The Emergency Housing Account;

25 (c) The Home Ownership Assistance Account;

26 (d) The Farmworker Housing Development Account; and

27 (e) The General Housing Account.

28 (2) Earnings on investment of moneys in:

29 (a) The Housing Development and Guarantee Account accrue to that account.

30 (b) The Emergency Housing Account accrue to that account.

31 (c) The Home Ownership Assistance Account accrue to that account.

32 (d) The Farmworker Housing Development Account accrue to that account.

33 (e) The General Housing Account accrue to that account.

34 (3)(a) Moneys in the Housing Development and Guarantee Account are appropriated contin-
35 uously to the Housing and Community Services Department to carry out the provisions of ORS
36 458.625 and 458.630.

37 (b) Moneys in the Emergency Housing Account are appropriated continuously to the department
38 to carry out the provisions of ORS 458.650.

39 (c) Moneys in the Home Ownership Assistance Account are appropriated continuously to the
40 department to carry out the provisions of ORS 458.655.

41 (d) Moneys in the Farmworker Housing Development Account are appropriated continuously to
42 the department to carry out the provisions of ORS 458.660.

43 (e) Moneys in the General Housing Account are appropriated continuously to the department
44 to carry out the provisions of ORS 456.515 to 456.725 **and 458.600 to 458.665.**

45 (4) Individuals and corporations, both for profit or nonprofit, may make monetary contributions

1 to be credited to:

2 (a) The Housing Development and Guarantee Account; or

3 (b) The General Housing Account.

4 **SECTION 5.** ORS 458.625 is amended to read:

5 458.625. (1) The Housing and Community Services Department may disburse the revenue earned
 6 from investment of the principal in the Housing Development and Guarantee Account to expand this
 7 state’s supply of housing for [*low and very low income families and individuals*] **individuals or**
 8 **households with low or very low income, or with moderate income in exception counties**, in-
 9 cluding, but not limited to, housing for persons over 65 years of age, persons with disabilities,
 10 farmworkers and Native Americans. The State Housing Council shall have a policy that provides for
 11 distribution by the department of account investment revenue disbursements statewide while con-
 12 centrating account investment revenue disbursements in those areas of the state with the greatest
 13 need for [*low and very low income housing, as determined by the council*] **housing for individuals**
 14 **or households with low or very low income, or with moderate income in exception counties.**

15 (2) The department may disburse account investment revenue, in the form of grants or loans as
 16 determined by the department, for any or all of the following purposes:

17 (a) To organizations as defined in ORS 458.610 and to for-profit business entities to construct
 18 new housing or to acquire or rehabilitate existing structures, or both, for housing for [*persons of low*
 19 *or very low income, or both*] **individuals or households with low or very low income, or with**
 20 **moderate income in exception counties;**

21 (b) To provide nonprofit organizations, as set forth in ORS 458.210 to 458.240, technical assist-
 22 ance or predevelopment costs, or both. Predevelopment costs include, but are not limited to, site
 23 acquisition, architectural services and project consultants. Predevelopment costs do not include
 24 costs described in paragraph (c) of this subsection;

25 (c) For costs to develop nonprofit organizations that show sufficient evidence of having strong
 26 community support and a strong likelihood of producing [*low or very low income*] housing **for indi-**
 27 **viduals or households with low or very low income, or with moderate income in exception**
 28 **counties.** Account investment revenue may not be used by an organization for its general oper-
 29 ations;

30 (d) To match public and private moneys available from other sources for purposes of production
 31 of [*low or very low income*] housing **for individuals or households with low or very low income,**
 32 **or with moderate income in exception counties;** or

33 (e) For purposes of administration of the account, not to exceed five percent of the account in-
 34 vestment revenue.

35 (3) The department shall give preference in making grants or loans to those entities that the
 36 department determines will:

37 (a) Provide the greatest number of [*low and very low income*] housing units **that are** con-
 38 structed, acquired or rehabilitated **for individuals or households with low or very low income,**
 39 **or with moderate income in exception counties,** for the amount of account investment revenue
 40 expended by matching account investment revenue with other grant, loan or eligible in-kind contri-
 41 butions;

42 (b) Ensure the longest use for the units as [*low or very low income*] housing units **for individuals**
 43 **or households with low or very low income, or with moderate income in exception counties;**
 44 or

45 (c) Include social services to occupants of the proposed housing, including but not limited to,

1 programs that address home health care, mental health care, alcohol and drug treatment and post-
2 treatment care, child care and case management.

3 (4) Account investment revenue derived in any calendar year may be used to construct, acquire
4 or rehabilitate housing for [*low and very low income persons*] **individuals or households with low**
5 **or very low income, or with moderate income in exception counties**, but not more than 25
6 percent of the account investment revenue derived in any calendar year may be used to construct,
7 acquire or rehabilitate housing for [*low income households*] **individuals or households with low**
8 **income**. Account investment revenue not disbursed by the department as grants or loans to con-
9 struct, acquire or rehabilitate [*low or very low income*] housing **for individuals or households with**
10 **low or very low income, or with moderate income in exception counties**, may be retained and
11 credited as account principal.

12 (5) Loans disbursed from account investment revenue shall bear an interest rate equal to the
13 interest rate paid on United States Treasury long-term obligations as identified by the department.

14 **SECTION 6.** ORS 458.630 is amended to read:

15 458.630. (1)(a) The Housing and Community Services Department may hold and use the principal
16 that is credited to the Housing Development and Guarantee Account as the Guarantee Fund. The
17 department may use the fund to guarantee repayment of loans made to finance the construction,
18 development, acquisition or rehabilitation of [*low income*] housing **for individuals or households**
19 **with low or very low income, or with moderate income in exception counties**, or of the com-
20 mercial component of a structure that contains both commercial property and [*low income*] housing
21 **for individuals or households with low or very low income, or with moderate income in ex-**
22 **ception counties**[, *or of both*]. The department, by rule, shall specify the grounds on which it may
23 deny loan guarantees for a structure that contains both commercial **property** and [*low income*
24 *housing components*] **housing for individuals or households with low or very low income, or**
25 **with moderate income in exception counties**. The grounds for denial specified by the department
26 must include, but need not be limited to, a commercial component that is excessive in scope or that
27 is designed for commercial activity of a type incompatible with residential housing. [*The State*
28 *Housing Council shall review loans that are guaranteed by the fund to ensure that the loans meet*
29 *prudent underwriting standards.*]

30 (b) A guarantee may not be prepared or construed in such a manner as to violate the provisions
31 of section 7, Article XI of the Oregon Constitution.

32 (2) The department may not issue any loan guarantee under this section that guarantees the
33 repayment of more than 50 percent of the original principal balance of any loan.

34 (3) The department may not issue a loan guarantee if the guarantee would cause the aggregate
35 dollar total of all loan guarantees issued by the department under this section to exceed two times
36 the total amount then in the Guarantee Fund established under subsection (1) of this section.
37 Notwithstanding ORS 458.625, whenever payouts on loan guarantees cause the fund principal to
38 decrease by five percent or more, the interest on the fund shall be deposited only to the principal
39 account until the amount of the fund principal lost due to payouts on loan guarantees is restored.

40 (4) [*Subject to council review under subsection (1) of this section, the department shall give pref-*
41 *erence for loan guarantees under this section to loans for the construction, development, acquisition or*
42 *rehabilitation of low income housing, or of structures containing both commercial and low income*
43 *housing components,*] **The department may issue loan guarantees under this section** that the
44 department determines will:

45 (a) Provide **for the construction, acquisition, development or rehabilitation of** the greatest

1 number of [*low income*] housing units **for individuals or households with low or very low income,**
 2 **or with moderate income in exception counties,** [*constructed, acquired, developed or*
 3 *rehabilitated*] for the amount of guarantee allowed;

4 (b) Ensure the longest [*possible*] use for the units as [*low income*] housing units **for individuals**
 5 **or households with low or very low income, or with moderate income in exception counties.**
 6 Pursuant to this end, the [*State Housing Council*] **department** may adopt a formula that optimizes
 7 the interests of the lender and the developer and the working life of the [*low income*] **housing** units;
 8 or

9 (c) Include a program of services for the occupants of the proposed housing **units** including, but
 10 not limited to, programs that address home health care, mental health services, alcohol and drug
 11 treatment and post-treatment care, child care and case management.

12 (5) The [*council*] **department** may adopt a policy that gives loan guarantee preference to loans
 13 for [*low income*] housing **for individuals or households with low or very low income, or with**
 14 **moderate income in exception counties,** or structures containing both commercial [*and low in-*
 15 *come housing components*] **property and housing for individuals or households with low or very**
 16 **low income, or with moderate income in exception counties,** for which the department has
 17 provided a grant, loan, tax credit or other investment.

18 **SECTION 7.** ORS 458.650 is amended to read:

19 458.650. (1) The Emergency Housing Account shall be administered by the Housing and Com-
 20 munity Services Department to assist homeless persons and those persons who are at risk of be-
 21 coming homeless. For purposes of this section, “account” means the Emergency Housing Account.

22 (2) The [*State Housing Council shall develop policy for giving*] **department may make** grants to
 23 organizations that shall use the funds to provide to [*low and very low income persons*] **individuals**
 24 **or households with low or very low income, or with moderate income in exception counties,**
 25 including, but not limited to, persons [*more than*] **over** 65 years of age, persons with disabilities,
 26 farmworkers and Native Americans:

27 (a) Emergency shelters and attendant services;

28 (b) Transitional housing services designed to assist persons to make the transition from
 29 homelessness to permanent housing and economic independence;

30 (c) Supportive housing services to enable persons to continue living in their own homes or to
 31 provide in-home services for such persons for whom suitable programs do not exist in their ge-
 32 ographic area;

33 (d) Programs that provide emergency payment of home payments, rents or utilities; or

34 (e) Some or all of the needs described in paragraphs (a) to (d) of this subsection.

35 (3)(a) The [*council*] **department** shall require as a condition of awarding a grant that the or-
 36 ganization demonstrate to the satisfaction of the [*council*] **department** that the organization has the
 37 capacity to deliver any service proposed by the organization.

38 (b) Any funds granted under this section shall not be used to replace existing funds. Funds
 39 granted under this section may be used to supplement existing funds. An organization may use funds
 40 to support existing programs or to establish new programs.

41 (c) The [*council, by policy,*] **department** shall give preference in granting funds to those organ-
 42 izations that coordinate services with those programs established under ORS 458.625.

43 (4) The department may expend for administration of the account no more than five percent of
 44 the account appropriation.

45 **SECTION 8.** ORS 458.655 is amended to read:

1 458.655. (1) The Home Ownership Assistance Account shall be administered by the Housing and
 2 Community Services Department to expand the state's supply of homeownership housing for [*low and*
 3 *very low income families and individuals*] **individuals or households with low or very low income,**
 4 **or with moderate income in exception counties**, including, but not limited to, housing for persons
 5 over 65 years of age, persons with disabilities, minorities and farmworkers. The [*State Housing*
 6 *Council shall have a policy of distributing*] **department shall distribute** funds statewide while con-
 7 centrating funds in those areas of the state with the greatest need, as determined by the [*council*]
 8 **department**, for [*low and very low income homeownership housing*] **homeownership housing for**
 9 **individuals or households with low or very low income, or with moderate income in exception**
 10 **counties**. However, the [*council's policy of distributing*] **department's distribution of funds** may
 11 differ from [*the distribution policy for*] **the distribution of assistance from** the Housing Develop-
 12 ment and Guarantee Account.

13 (2) Funds in the Home Ownership Assistance Account shall be granted to organizations that
 14 both sponsor and manage [*low income*] homeownership programs **for individuals or households**
 15 **with low or very low income, or with moderate income in exception counties**, including lease-
 16 to-own programs, for the construction of new homeownership housing or for the acquisition or re-
 17 habilitation of existing structures for homeownership housing for [*persons of low or very low*
 18 *income*] **individuals or households with low or very low income, or with moderate income in**
 19 **exception counties**[, *or both*].

20 (3) The [*council shall develop a policy for disbursing*] **department may make grants from funds**
 21 **in the account** for any or all of the following purposes:

22 (a) To aid [*low income*] homeownership programs **for individuals or households with low or**
 23 **very low income, or with moderate income in exception counties**, including program adminis-
 24 tration, in purchasing land, providing assistance with down payment costs, or providing
 25 homeownership training and qualification services or any combination thereof. Funds in the Home
 26 Ownership Assistance Account may not be used by an organization to pay for its general operations
 27 or to pay for more than 25 percent of construction or rehabilitation costs.

28 (b) To match public and private moneys available from other sources for purposes of the pro-
 29 vision of [*low or very low income*] homeownership housing **for individuals or households with low**
 30 **or very low income, or with moderate income in exception counties**.

31 (c) To administer the Home Ownership Assistance Account, not to exceed five percent of the
 32 revenue.

33 (4) [*The council, in developing policy under subsection (3) of this section, shall give preference in*
 34 *making grants to those entities that propose to:*] **The department may make grants under this**
 35 **section that the department determines will:**

36 (a) Provide **for the construction, acquisition or rehabilitation of** the greatest number of [*low*
 37 *and very low income*] homeownership housing units **for individuals or households with low or very**
 38 **low income, or with moderate income in exception counties**, [*constructed, acquired or rehabili-*
 39 *tated*] for the amount of account money expended by matching account funds with other grant, loan
 40 or eligible in-kind contributions;

41 (b) Ensure the longest use for the units as [*low or very low income*] homeownership housing units
 42 **for individuals or households with low or very low income, or with moderate income in ex-**
 43 **ception counties**, [*such as*] by including [*some form of*] equity recapture, land trust or shared equity
 44 provisions, **or other provisions** as determined by the [*council;*] **department; and**

45 [*(c) Include social services for occupants and proposed occupants of the proposed housing, includ-*

1 *ing but not limited to, programs that address home health care, mental health care, alcohol and drug*
 2 *treatment and post-treatment care, child care, homeownership training, mortgage qualification service,*
 3 *credit repair and case management; and]*

4 [(d)] (c) Support a comprehensive strategy to reverse the decreasing rates of homeownership
 5 among minorities, giving priority to activities that support adopted comprehensive community plans
 6 that incorporate recognized best practices or demonstrate proven success in increasing
 7 homeownership for minorities.

8 **SECTION 9.** ORS 458.660 is amended to read:

9 458.660. The Housing and Community Services Department shall disburse the moneys credited
 10 to the Farmworker Housing Development Account to expand this state’s supply of housing for [*low*
 11 *and very low income*] farmworkers **with low or very low income, or with moderate income in**
 12 **exception counties.**

13 **SECTION 10.** ORS 458.665 is amended to read:

14 458.665. (1) The Housing and Community Services Department shall administer the General
 15 Housing Account.

16 (2) The department shall disburse moneys credited to the account to accomplish the purposes
 17 described in ORS 456.515 to 456.725 **and 458.600 to 458.665.**

18 (3) The department may disburse moneys in the account by contract, grant, loan or otherwise
 19 as the department determines necessary.

20 (4) The department may set interest rates on loans made with moneys in the account.

21 (5) The department shall establish guidelines for the types of loans financed with moneys in the
 22 account by rule.

23 (6) The department may use moneys in the account to pay allowable administrative expenses
 24 incurred under ORS 456.515 to 456.725 **and 458.600 to 458.665.**

25 (7) The department may, in the [*director’s*] discretion **of the Director of the Housing and**
 26 **Community Services Department,** return moneys received for deposit in the account to the ori-
 27 ginal source of the moneys.

28 (8) The department may accept moneys for deposit in the account pursuant to ORS 458.620 (4)
 29 and enter into agreements regarding the use of moneys deposited with the original source of the
 30 moneys.

31 (9) The department shall adopt rules that:

32 (a) Govern the allocation of moneys deposited in the account to best meet critical housing needs
 33 and build organizational capacity of partners throughout the state; and

34 (b) Require equitable distribution of resources over time based on objective measures of need,
 35 including the number and percentage of [*low and very low income households*] **individuals and**
 36 **households with low or very low income, or with moderate income in exception counties,** in
 37 an area.

38 **SECTION 11.** Section 2 of this 2011 Act and the amendments to ORS 458.610, 458.620,
 39 458.625, 458.630, 458.650, 458.655, 458.660 and 458.665 by sections 3 to 10 of this 2011 Act apply
 40 to actions taken with respect to the Oregon Housing Fund on or after the effective date of
 41 this 2011 Act.