

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: HB 4064**78th Oregon Legislative Assembly – 2016 Regular Session
Legislative Fiscal Office***Only Impacts on Original or Engrossed
Versions are Considered Official***

Prepared by: Krista Dauenhauer
Reviewed by: Michelle Deister
Date: 2/9/2016

Measure Description:

Creates Affordable Housing Mortgage Loan Fund and continuously appropriates moneys in fund to Housing and Community Services Department for purpose of making deferred loan to qualified statewide nonprofit organization.

Government Unit(s) Affected:

Housing and Community Services Department

Local Government Mandate:

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

Analysis:

The fiscal impact of this measure is indeterminate, because the budgetary size of the program is undefined. The bill creates the Affordable Housing Mortgage Loan Fund, within the Oregon Housing and Community Services Department (OHCS). The bill identifies an unspecified amount of General Fund as a source of fund capitalization, as well as contributions from other sources. Moneys in the fund will be transferred to a qualifying nonprofit organization for the purpose of creating and administering a revolving loan fund that the organization uses to purchase mortgage loans that nonprofit organizations originate. The loans will be interest-free, and not repaid except under certain circumstances specified by the bill. The nonprofit organization is permitted to retain a maximum of eight percent of the value of each mortgage loan. Payments on mortgage loans, owned by the nonprofit organization, will be deposited into the revolving fund that the statewide nonprofit organization creates and administers.

Mortgages purchased by the nonprofit organization must comply with standards related to underwriting, loan servicing, licensing, etc. Furthermore, the bill specifies qualifications which must be met in order for the nonprofit organization to sell a mortgage loan that was purchased using these revolving loan funds. No later than December 31 of each year, a nonprofit organization that receives a loan from the Affordable Housing Mortgage Loan Fund must report annually to OHCS. The fund and associated loan program become effective January 1, 2017; however prior to that time the bill permits OHCS to adopt administrative rules and take any other action necessary to enable the legislation to be implemented.

The Legislative Fiscal Office (LFO) believes this measure warrants a subsequent referral to the Joint Committee on Ways and Means for consideration of this measure's budgetary impact on the State's General Fund. Further analysis is required to determine the fiscal impact to OHCS and initial funding for the loan program, which will be driven, under section 2 (2)(e) of the bill, by the capacity of the nonprofit organization to repay mortgage loans.