

**B-Engrossed**  
**Senate Bill 1582**

Ordered by the Senate February 26  
Including Senate Amendments dated February 9 and February 26

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 Kate Brown)

**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.

Directs Housing and Community Services Department to develop and implement Local Innovation and Fast Track Housing Program to expand state's supply of affordable housing for low income households.

Authorizes department to acquire, construct, remodel, repair, equip or furnish qualified property that is or will be owned or operated by state to provide affordable housing for low income households. Authorizes department to pay development costs to develop qualified property, and to create entities, cooperate or participate with persons or entities and contract with persons and entities. Limits types of interests in real property that may be owned by state or department under program.

Directs Oregon Housing Stability Council to develop strategies to implement program.

Requires Director of Housing and Community Services Department to report regularly to council regarding status and progress of program and department's responsibilities for implementing and administering program.

Directs department to adopt rules to implement program.

Creates Local Innovation and Fast Track Housing Program Fund. Continuously appropriates moneys in fund to department for purposes of program.

Requires department to report to interim committees of Legislative Assembly on or before February 1 of each of years 2017, 2018 and 2019 regarding implementation of program.

Appropriates moneys from General Fund to department for biennial expenses related to development of affordable housing for low income households through program.

*[Limits biennial expenditures for payment of expenses related to development of affordable housing for low income households from fees, moneys or other revenues, including Miscellaneous Receipts and reimbursements from federal service agreements, but excluding lottery funds and federal funds, collected or received by department.]*

Declares emergency, effective on passage.

**A BILL FOR AN ACT**

1  
2 Relating to the Housing and Community Services Department; creating new provisions; amending  
3 ORS 270.100 and 456.559; and declaring an emergency.

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

5 **SECTION 1. As used in sections 1 to 3 of this 2016 Act:**

6 (1) **"Affordable housing"** means residential housing that may be purchased or rented,  
7 with or without government assistance, by persons who meet the applicable income limits  
8 of local, state or federally funded programs or developments.

9 (2) **"Area median income"** means the median income for the county in which the subject  
10 housing is located, adjusted for family size, as determined by the Housing and Community  
11 Services Department using United States Department of Housing and Urban Development  
12 information.

13 (3) **"Development costs"** has the meaning given that term in ORS 456.548.

14 (4) **"Low income households"** means households of one or more individuals whose com-

**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 bined incomes are at or below 60 percent of the area median income.

2 (5) "Operate" means to have sufficient direct or indirect control of qualified property  
3 that reasonably enables the Housing and Community Services Department, in its determi-  
4 nation, to ensure the qualified property's use for the purpose of providing affordable housing  
5 under the Local Innovation and Fast Track Housing Program established in section 2 of this  
6 2016 Act.

7 (6) "Own" means to possess one or more interests as described in section 2 (3) of this  
8 2016 Act in a qualified property that reasonably enables the Housing and Community Services  
9 Department, in its determination, to ensure the qualified property's use for the purpose of  
10 providing affordable housing under the Local Innovation and Fast Track Housing Program  
11 established in section 2 of this 2016 Act.

12 (7) "Qualified property" means real or personal property, including infrastructure and  
13 indebtedness related to the real or personal property.

14 **SECTION 2.** (1) The Housing and Community Services Department shall, with the advice  
15 and consent of the Oregon Housing Stability Council, develop and implement the Local In-  
16 novation and Fast Track Housing Program for the purpose of expanding the state's supply  
17 of affordable housing for low income households.

18 (2) The department may use funds available pursuant to Article XI-Q of the Oregon  
19 Constitution and deposited in the Local Innovation and Fast Track Housing Program Fund  
20 established under section 3 of this 2016 Act to:

21 (a) Acquire, construct, remodel, repair, equip or furnish qualified property that is or will  
22 be owned or operated by the State of Oregon for the purpose of providing affordable housing  
23 in this state for low income households; and

24 (b) Pay development costs to develop qualified property that may be considered part of  
25 the cost of a capital asset under generally accepted accounting principles.

26 (3) Interests in real property acquired by the State of Oregon or the department under  
27 this section are limited to the following:

28 (a) A fee simple interest in land or improvements;

29 (b) A leased fee interest, meaning an ownership interest with the rights of use and oc-  
30 cupancy conveyed by lease to others;

31 (c) A tenancy in common for which the state's or department's interest in the property  
32 is proportionate to the contribution of the state or department to the property's purchase  
33 price;

34 (d) A fee simple interest in a condominium; or

35 (e) An easement, right of way, license or similar interest functionally related to and  
36 necessary for the use of qualified property acquired by the state or department.

37 (4) In funding the acquisition, construction, remodeling, repairing, equipping or furnish-  
38 ing of qualified property under the program, the department, with the advice and consent  
39 of the council, may:

40 (a) Adopt criteria that:

41 (A) Provide the greatest number of affordable housing units for the amount of funding  
42 provided;

43 (B) Ensure the longest possible use of the qualified property as affordable housing units;

44 (C) Optimize the function and duration of the affordable housing project; and

45 (D) Take into account the means to reduce the cost of the affordable housing project

1 while considering factors such as the quality of construction, durability, location and local  
2 design requirements;

3 (b) Create restrictive covenants and other encumbrances or lien interests, create enti-  
4 ties, cooperate or participate with persons or entities and contract with persons and entities;  
5 and

6 (c) Operate qualified property.

7 (5) Moneys made available through the program must be distributed or used statewide  
8 and concentrated in areas of this state with the greatest need for affordable housing, as de-  
9 termined by the department with the advice and consent of the council.

10 (6) For purposes of implementing the program, the council shall develop strategies to:

11 (a) Reach historically underserved communities, including communities of color and rural  
12 communities;

13 (b) Reduce the cost of acquiring, constructing, remodeling, repairing, equipping or fur-  
14 nishing qualified property that is owned or operated by the state for the purpose of providing  
15 affordable housing; and

16 (c) Involve Department of Human Services child welfare and self-sufficiency programs.

17 (7) The Director of the Housing and Community Services Department shall report regu-  
18 larly to the council regarding the status and progress of the program and of the Housing and  
19 Community Services Department's responsibilities for implementing and administering the  
20 program.

21 (8) The department, with the advice and consent of the council, shall adopt rules to im-  
22 plement the provisions of this section, including but not limited to prescribing requirements  
23 for acquiring, constructing, remodeling, repairing, equipping or furnishing qualified property  
24 that is owned or operated by the state for the purpose of providing affordable housing under  
25 the program.

26 **SECTION 3.** (1) The Local Innovation and Fast Track Housing Program Fund is estab-  
27 lished in the State Treasury, separate and distinct from the General Fund. Interest earned  
28 on moneys in the Local Innovation and Fast Track Housing Program Fund shall be credited  
29 to the fund.

30 (2) The fund consists of moneys deposited into the fund pursuant to section 1 (6), chapter  
31 685, Oregon Laws 2015.

32 (3) Moneys in the fund are continuously appropriated to the Housing and Community  
33 Services Department for:

34 (a) The purposes described in section 2 of this 2016 Act;

35 (b) Payment of the costs incurred by the department to administer the fund; and

36 (c) Payment of bond-related costs, as defined in ORS 286A.816.

37 **SECTION 4.** ORS 270.100 is amended to read:

38 270.100. (1)(a) Before offering for sale any real property or equitable interest in real property  
39 that the state owns, the state agency acting for the state in the sales transaction shall report to the  
40 Oregon Department of Administrative Services that the state agency intends to sell or transfer the  
41 real property or the equitable interest. The department, or an agency the department specifically  
42 designates, shall notify other state agencies authorized to own real property of the intended sale or  
43 transfer to determine whether acquiring the real property or interest in the real property would be  
44 advantageous to another state agency.

45 (b)(A) The department shall give the first opportunity after other state agencies to acquire,

1 purchase, exchange or lease real property or an interest in real property that the State of Oregon  
2 disposes of or sells to:

3 (i) The following entities, on the condition that the entities will develop housing on the real  
4 property that will be occupied by families and individuals with an income no greater than 80 percent  
5 of the median family income for the county in which the real property is located:

6 (I) Nonprofit organizations; and

7 (II) Indian tribes, as defined in ORS 97.740; and

8 (ii) Political subdivisions, as defined in ORS 271.005.

9 (B) The state agency responsible for selling or transferring the property or the equitable interest  
10 may require at the time of the sale or transfer that a political subdivision must use state real  
11 property or an equitable interest in real property sold or transferred to the political subdivision for  
12 a public purpose or benefit, and that the political subdivision may not resell the real property or the  
13 equitable interest to a private purchaser.

14 (c) If a state agency that intends to sell or transfer real property or an equitable interest in real  
15 property has not disposed of the real property or the equitable interest under paragraph (a) or (b)  
16 of this subsection, the state agency shall cause the real property to be appraised by one or more  
17 competent and experienced appraisers in accordance with rules the department adopts. Except as  
18 provided in ORS 273.825, if the property has an appraised value exceeding \$5,000, the property or  
19 an equitable interest in the property may not be sold to any private person except after notice  
20 calling for such proposals as set forth in ORS 270.130.

21 (d) The department shall adopt rules to carry out the provisions of this section.

22 (2) Before a state agency acquires any real property or interest in real property, except for  
23 highway right of way that the Department of Transportation acquires, park properties that the State  
24 Parks and Recreation Department acquires and property within the approved projected campus  
25 boundaries for public universities listed in ORS 352.002, the state agency shall report to the Oregon  
26 Department of Administrative Services that the state agency intends to acquire the real property  
27 or the interest in real property. The department shall notify other state agencies that own land that  
28 the state agency intends to acquire real property or an interest in real property to determine  
29 whether another state agency desires to sell or transfer property that would meet the needs of the  
30 acquiring agency. In accordance with rules the Oregon Department of Administrative Services  
31 adopts, if no other state agency desires to sell or transfer property that would meet the needs of the  
32 agency that intends to acquire real property or an interest in real property, the agency may acquire  
33 the real property or interest in real property, consistent with applicable provisions of law.

34 (3) Before any terminal disposition of real property or an interest in real property, the state  
35 agency acting for the state in the transaction must secure approval of the transaction from the  
36 Oregon Department of Administrative Services.

37 (4) Subsection (3) of this section does not apply to terminal disposition of the following real  
38 property:

39 (a) Property that the State Department of Fish and Wildlife controls;

40 (b) State forestlands that the State Forestry Department controls;

41 (c) Property that the Department of Transportation controls;

42 (d) Property that the Department of State Lands controls;

43 (e) Property that public universities listed in ORS 352.002 control;

44 (f) Property that the legislative branch of state government controls;

45 (g) Property that the judicial branch of state government controls; and

1 (h) Property that the State Parks and Recreation Department controls.

2 (5) Notwithstanding the provisions of subsection (4) of this section, prior approval by the Oregon  
3 Department of Administrative Services is required for the terminal disposition of public land for less  
4 than the fair market value of the public land.

5 (6) The provisions of ORS 184.634, 270.005 to 270.015, 270.100 to 270.190, 273.416, 273.426 to  
6 273.436, 273.551 and 308A.709 (1) to (4) do not apply to:

7 (a) A home or farm that the Department of Veterans' Affairs acquires or sells under ORS 88.720,  
8 406.050, 407.135, 407.145, 407.375 or 407.377.

9 (b) Real property that the Housing and Community Services Department acquires or sells under  
10 the provisions of ORS 456.515 to 456.725 or ORS chapter 458 **or sections 1 to 3 of this 2016 Act.**

11 (c) Real property that the Oregon Health Authority or the Department of Human Services ac-  
12 quires or sells under ORS 410.075 or 416.340.

13 **SECTION 5. On or before February 1 of each of the years 2017, 2018 and 2019, the Housing**  
14 **and Community Services Department shall prepare and submit a report to the interim com-**  
15 **mittees of the Legislative Assembly that have authority over the subject area of housing**  
16 **regarding the Local Innovation and Fast Track Housing Program and the annual progress**  
17 **on implementation of the program. Each report shall include but is not limited to informa-**  
18 **tion regarding:**

19 (1) **The amount of funds expended;**

20 (2) **The number of affordable housing units in progress and developed; and**

21 (3) **The location of the affordable housing units and geographic diversity.**

22 **SECTION 6.** ORS 456.559 is amended to read:

23 456.559. (1) The Housing and Community Services Department shall:

24 (a) Maintain current housing data and information concerning available programs, status of  
25 funding, programs planned or undertaken which might conflict with, overlap, duplicate or supersede  
26 other planned or existing programs and call these to the attention of appropriate state agencies,  
27 governmental bodies and public or private housing sponsors.

28 (b) Provide to appropriate state agencies, governmental bodies and public or private housing  
29 sponsors such advisory and educational services as will assist them in the development of housing  
30 plans and projects.

31 (c) Subject to the approval of the Oregon Housing Stability Council, make noninterest bearing  
32 advances, in accordance with ORS 456.710 and the policies of the department, to qualified nonprofit  
33 sponsors for development costs of housing projects until mortgage funds are released to repay the  
34 advances as provided in ORS 456.710.

35 (d) Advise and assist appropriate state agencies, governmental bodies and public or private  
36 housing sponsors, cities and counties, in all programs and activities which are designed or might  
37 tend to fulfill the purposes of ORS 456.548 to 456.725 and ORS chapter 458.

38 (e) Encourage and assist in the planning, development, construction, rehabilitation and conser-  
39 vation of dwelling units for persons and families of lower income.

40 (f) Be the central state department to apply for, receive and distribute, on behalf of appropriate  
41 state agencies, governmental bodies and public or private housing sponsors in the state, grants, gifts,  
42 contributions, loans, credits or assistance from the federal government or any other source for  
43 housing programs except when the donor, grantor, or lender of such funds specifically directs some  
44 other agency to administer them. Moneys received under this section shall be deposited with the  
45 State Treasurer in an account separate and distinct from the General Fund. Interest earned by the

1 account shall be credited to the account.

2 (g) For the purposes of acquiring moneys, credits or other assistance from any agency or  
3 instrumentality of the United States or from any public corporation chartered by the United States,  
4 comply with any applicable agreements or restrictions for the receipt of such assistance and become  
5 a member of any such association or public corporation chartered by the United States.

6 (h) Assist individuals, appropriate state agencies, governmental bodies and public or private  
7 housing sponsors through a program which provides housing information, planning, educational  
8 services and technical assistance.

9 (i) Comply with the requirements of ORS 443.225 in assisting in the development of any housing  
10 for residential care, training or treatment for persons with mental retardation, developmental disa-  
11 bilities or mental or emotional disturbances.

12 (2) Except as otherwise provided in ORS 456.625 (7) **and sections 1 to 3 of this 2016 Act**, the  
13 department may not itself develop, construct, rehabilitate or conserve housing units; and neither the  
14 department nor any housing sponsor, including but not limited to any association, corporation, co-  
15 operative housing authority or urban renewal agency organized to provide housing and other facil-  
16 ities pursuant to ORS 456.548 to 456.725, may own, acquire, construct, purchase, lease, operate or  
17 maintain utility facilities, including facilities for the generation of electricity, for the distribution  
18 of gas and electricity, and for the conveyance of telephone and telegraph messages.

19 (3) In accordance with the provisions of this section and with the advice of the council, the  
20 department shall establish statewide priorities for housing programs. State agencies shall coordinate  
21 their housing programs with the department. All state agencies intending to apply for federal funds  
22 for use in planning, developing or managing housing, or rendering assistance to governmental bodies  
23 or sponsors or individuals involved therein shall submit a description of the proposed activity to the  
24 department for review not less than 30 days prior to the intended date of submission of the appli-  
25 cation to the federal agency. The department shall determine whether the proposal would result in  
26 a program that would overlap, duplicate or conflict with any other housing program in the state. If  
27 the department finds overlapping or duplication or conflict, it shall recommend modifications in the  
28 application. The Oregon Department of Administrative Services shall consider these recommen-  
29 dations in making its decision to approve or disapprove the application. The department shall com-  
30 plete its review and forward its recommendations within 15 working days after receipt of the  
31 notification. Failure of the department to complete the review within that time shall constitute ap-  
32 proval of the application by the department.

33 (4) The Director of the Housing and Community Services Department may participate in dis-  
34 cussions and deliberations of the council. The director may suggest policies and rules to the council,  
35 including those necessary to stimulate and increase the supply of housing for persons and families  
36 of lower income.

37 **SECTION 7. In addition to and not in lieu of any other appropriation, there is appropri-**  
38 **ated to the Housing and Community Services Department, for the biennium beginning July**  
39 **1, 2015, out of the General Fund, the amount of \$169,350, for payment of expenses related to**  
40 **the development of affordable housing for low income households funded with proceeds from**  
41 **bonds issued under authority of Article XI-Q of the Oregon Constitution through the Local**  
42 **Innovation and Fast Track Housing Program created under section 2 of this 2016 Act.**

43 **SECTION 8. This 2016 Act being necessary for the immediate preservation of the public**  
44 **peace, health and safety, an emergency is declared to exist, and this 2016 Act takes effect**  
45 **on its passage.**

