

Senate Bill 1582

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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 develop and implement Local Innovation and Fast Track Housing Program to expand state's supply of affordable housing for low income individuals or families.

Authorizes department to acquire, construct, remodel, repair, equip or furnish real property that is or will be owned by state to provide affordable housing for low income individuals or families. Authorizes department to pay development costs to develop real 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 individuals or families through program.

Limits biennial expenditures for payment of expenses related to development of affordable housing for low income individuals or families 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

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

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

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

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

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

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

(4) "Low income individuals or families" means individuals who have incomes at or below 60 percent of the area median income for individuals, or families that have incomes at or below 60 percent of the area median income for families.

SECTION 2. (1) The Housing and Community Services Department shall, with the advice

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 and consent of the Oregon Housing Stability Council, develop and implement the Local In-
2 novation and Fast Track Housing Program for the purpose of expanding the state's supply
3 of affordable housing for low income individuals or families.

4 (2) Pursuant to subsection (1) of this section, the department may:

5 (a) Acquire, construct, remodel, repair, equip or furnish real property that is or will be
6 owned by the State of Oregon for the purpose of providing affordable housing in this state
7 for low income individuals or families;

8 (b) Pay development costs to develop real property that may be considered part of the
9 cost of a capital asset under generally accepted accounting principles; and

10 (c) Create entities, cooperate or participate with persons or entities and contract with
11 persons and entities.

12 (3) Interests in real property owned by the State of Oregon or the department under this
13 section are limited to the following:

14 (a) A fee simple interest;

15 (b) A leased fee interest;

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

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

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

22 (4) In funding the acquisition, construction, remodeling, repairing, equipping or furnish-
23 ing of real property under the program:

24 (a) The department shall give preference to applicants with affordable housing projects
25 that will:

26 (A) Provide the greatest number of affordable housing units for the amount of funding
27 provided; and

28 (B) Ensure the longest possible use of the real property as affordable housing units.

29 (b) The department, with the advice and consent of the council, may adopt a formula
30 that:

31 (A) Optimizes the function and duration of the affordable housing project; and

32 (B) Takes into account the means to reduce the cost of the affordable housing project
33 while considering factors such as the quality of construction, durability, location and local
34 design requirements.

35 (5)(a) Moneys made available through the program must be distributed statewide and
36 concentrated in areas of this state with the greatest need for affordable housing, as deter-
37 mined by the council. To implement this requirement, the department and the council shall
38 consider the following factors on a county-by-county basis:

39 (A) The proportion of renters in the county who have a severe rent burden;

40 (B) Underserved geographic areas, taking into account the proportion of low income in-
41 dividuals or families compared to the availability of affordable housing within the geographic
42 area; and

43 (C) Market data, including but not limited to the cost of housing, vacancy rates and
44 available affordable housing supply.

45 (b) As used in this subsection, "severe rent burden" means rent that is more than 50

1 **percent of the income of low income individuals or families.**

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

3 **(a) Reach traditionally underserved communities, including communities of color and**
 4 **rural communities;**

5 **(b) Reduce the cost of acquiring, constructing, remodeling, repairing, equipping or fur-**
 6 **nishing real property for the purpose of providing affordable housing; and**

7 **(c) Involve regional solutions advisory committees and teams, Early Learning Hubs, co-**
 8 **ordinated care organizations and other persons or organizations.**

9 **(7) The Director of the Housing and Community Services Department shall report regu-**
 10 **larly to the council regarding the status and progress of the program and of the**
 11 **department's responsibilities for implementing and administering the program.**

12 **(8) The department shall adopt rules to implement the provisions of this section, includ-**
 13 **ing but not limited to prescribing requirements for acquiring, constructing, remodeling, re-**
 14 **pairing, equipping or furnishing real property for the purpose of providing affordable housing**
 15 **under the program.**

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

20 **(2) The fund consists of moneys deposited into the fund pursuant to section 1 (6), chapter**
 21 **685, Oregon Laws 2015.**

22 **(3) Moneys in the fund are continuously appropriated to the Housing and Community**
 23 **Services Department for:**

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

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

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

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

28 270.100. (1)(a) Before offering for sale any real property or equitable interest in real property
 29 that the state owns, the state agency acting for the state in the sales transaction shall report to the
 30 Oregon Department of Administrative Services that the state agency intends to sell or transfer the
 31 real property or the equitable interest. The department, or an agency the department specifically
 32 designates, shall notify other state agencies authorized to own real property of the intended sale or
 33 transfer to determine whether acquiring the real property or interest in the real property would be
 34 advantageous to another state agency.

35 **(b)(A) The department shall give the first opportunity after other state agencies to acquire,**
 36 **purchase, exchange or lease real property or an interest in real property that the State of Oregon**
 37 **disposes of or sells to:**

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

41 **(I) Nonprofit organizations; and**

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

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

44 **(B) The state agency responsible for selling or transferring the property or the equitable interest**
 45 **may require at the time of the sale or transfer that a political subdivision must use state real**

1 property or an equitable interest in real property sold or transferred to the political subdivision for
2 a public purpose or benefit, and that the political subdivision may not resell the real property or the
3 equitable interest to a private purchaser.

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

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

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

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

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

- 29 (a) Property that the State Department of Fish and Wildlife controls;
- 30 (b) State forestlands that the State Forestry Department controls;
- 31 (c) Property that the Department of Transportation controls;
- 32 (d) Property that the Department of State Lands controls;
- 33 (e) Property that public universities listed in ORS 352.002 control;
- 34 (f) Property that the legislative branch of state government controls;
- 35 (g) Property that the judicial branch of state government controls; and
- 36 (h) Property that the State Parks and Recreation Department controls.

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

40 (6) The provisions of ORS 184.634, 270.005 to 270.015, 270.100 to 270.190, 273.416, 273.426 to
41 273.436, 273.551 and 308A.709 (1) to (4) do not apply to:

42 (a) A home or farm that the Department of Veterans' Affairs acquires or sells under ORS 88.720,
43 406.050, 407.135, 407.145, 407.375 or 407.377.

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

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

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

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

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

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

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

13 456.559. (1) The Housing and Community Services Department shall:

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

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

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

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

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

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

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

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

44 (i) Comply with the requirements of ORS 443.225 in assisting in the development of any housing
45 for residential care, training or treatment for persons with mental retardation, developmental disa-

1 bilities or mental or emotional disturbances.

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

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

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

27 **SECTION 7. In addition to and not in lieu of any other appropriation, there is appropri-**
28 **ated to the Housing and Community Services Department, for the biennium beginning July**
29 **1, 2015, out of the General Fund, the amount of \$_____ , for payment of expenses related**
30 **to the development of affordable housing for low income individuals or families funded with**
31 **proceeds from bonds issued under authority of Article XI-Q of the Oregon Constitution**
32 **through the Local Innovation and Fast Track Housing Program created under section 2 of**
33 **this 2016 Act.**

34 **SECTION 8. Notwithstanding any other law limiting expenditures, the amount of**
35 **\$_____ is established for the biennium beginning July 1, 2015, as the maximum limit for**
36 **payment of expenses related to the development of affordable housing for low income indi-**
37 **viduals or families funded with proceeds from bonds issued under authority of Article XI-Q**
38 **of the Oregon Constitution through the Local Innovation and Fast Track Housing Program**
39 **created under section 2 of this 2016 Act from fees, moneys or other revenues, including**
40 **Miscellaneous Receipts and reimbursements from federal service agreements, but excluding**
41 **lottery funds and federal funds not described in this section, collected or received by the**
42 **Housing and Community Services Department.**

43 **SECTION 9. 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.**

