FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2002 - A3

79th Oregon Legislative Assembly – 2017 Regular Session
Legislative Fiscal Office

Only Impacts on Original or Engrossed Versions are Considered Official

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Measure Description:
Expands laws regarding preservation of participating properties that are publicly supported housing.

Government Unit(s) Affected:
Judicial Department, Cities, Counties, Housing and Community Services Department

Analysis:
The bill requires owners of publicly supported housing to provide notice, by registered or certified mail, to the Housing and Community Services Department (HCSD), and affected local governments, two years before the contract for the property will expire, or if the property will be withdrawn from publicly supported housing due to sale, transfer, or withdrawal. The bill specifies exceptions to this notice requirement and, if applicable, requires that owners extend affordability restrictions on properties equal to the number of months that the owner is in noncompliance with the notice requirements. Any person who suffers any ascertainable loss of money or property as a result of an owner's failure to provide notices, or otherwise comply with the provisions of ORS 456.260, may be awarded punitive damages, attorney fees, and any other equitable relief the court considers necessary and proper. At least thirteen months before the expiration of a contract for publicly supported property, owners must provide HCSD, and affected local governments, the opportunity to purchase the property. HCSD or an affected local government will have 90 days, from the date the notice is served, to make an offer to purchase the participating property. A property owner may sell the participating property to a third party 210 days after the date the notice is served. Accepted third party offers, made within 180 days of HCSD or local governments' expired offer period, are subject to the owner offering the right of first refusal to HCSD or local governments to purchase the property on the same terms and conditions as the third party's offer. If properties are purchased, HCSD may appoint a designee to preserve the property and assume all responsibilities that would normally be attributable to HCSD. HCSD is directed to maintain data from local, state, and federal sources concerning publicly supported housing and the expiration of affordability restrictions on those properties.

This fiscal impact makes no concessions for the cost of state or local governments to purchase any affordable housing which may be offered for sale as a result of this legislation. The fiscal does however assume that such purchases will be made, and therefore the necessary staffing and contract costs have been accounted for to implement the workload associated with such activities.

Oversight of this program, including work with external stakeholders and local governments, overseeing contracts, and rulemaking, is anticipated to require one permanent Program Analyst 4 position (0.92 FTE) at a cost of $199,726 in the 2017-19 biennium and (1.00 FTE) $217,094 in the 2019-21 biennium. The development and usage of a database used to track state, federal, and local affordable housing resources and the processing of notice information will require one permanent full-time Research Analyst 2 position (0.92 FTE) at a cost of $142,594 in the 2017-19 biennium and (1.00 FTE) $154,993 in the 2019-21 biennium.

HCSD would contract with a third-party entity, at a cost of $86,000 in the 2017-19 biennium and $150,000 in the 2019-21 biennium, to establish an application process and risk analysis of potential designees which may be suitable to manage the properties purchased by the state as a result of this legislation. Associated rulemaking and services and supplies costs to HCSD are estimated at $25,000 in the 2017-19 biennium and are likely to be minimal and absorbable within normal budgetary parameters in future biennia.

The fiscal impact to the Judicial Department, related to additional court cases, is anticipated to be minimal and absorbable within existing budgetary parameters. Cities and Counties report minimal fiscal impacts as a result of this legislation.