

HB 2002 A STAFF MEASURE SUMMARY

House Committee On Human Services and Housing

Action Date: 04/11/17

Action: Do pass with amendments and be referred to Ways and Means. (Printed A-Eng.)

Vote: 8-0-1-0

Yeas: 8 - Gorsek, Keny-Guyer, Meek, Nearman, Olson, Piluso, Sanchez, Stark

Exc: 1 - Noble

Fiscal: Fiscal impact issued

Revenue: Has minimal revenue impact

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WHAT THE MEASURE DOES:

Defines types of properties included and excluded within 'publicly supported housing'. Requires the owner of a participating publicly supported property (participating property) with an expiring or terminating contract to provide notice to local government and the Housing and Community Services Department (OHCS) two years before the contract expires or terminates or the property is withdrawn from publicly supported housing. Requires property owner to extend affordability restrictions on participating property by the same number of months the participating property was noncompliant with notice requirements. Allows local government to request a local subsidy program be included within the definition of publicly supported housing. Allows OHCS and local government to require payment of tenant relocation fees from owner of participating property. Allows individuals to bring action to recover damages as a result of property owner failing to provide notice.

Requires property owner to offer OHCS and local government the opportunity to purchase participating property thirteen months before withdrawal from publicly supported housing. Specifies procedures and requirements for OHCS or local government to purchase participating property. Requires property owner to provide right of first refusal to OHCS and local government when accepting a third party's offer to purchase participating property. Specifies provisions for right of first refusal. Allows individual to bring action to recover damages resulting from an owner of a participating property failing to provide notice, opportunity to purchase to OHCS or local government, or offer right of first refusal. Applies to participating property contracts renewed on or after the effective date. Requires OHCS to maintain database on publicly supported housing. Becomes operative January 1, 2018.

Effective on 91st following sine die.

ISSUES DISCUSSED:

- Preservation of publicly supported housing
- Number of publicly supported units with expiring contracts in Oregon
- Differences between right of opportunity to purchase and right of first refusal

EFFECT OF AMENDMENT:

Replaces measure.

BACKGROUND:

Under current Oregon law (ORS 456.260), property owners participating in federal housing programs are required to provide notice of an expiring contract with the United States Department of Housing and Urban Development one year prior to the expiration date. This notice must be given to each local government that has requested notice and each affected tenant. Oregon law (ORS 456.265) further specifics local governments may not require property owners to pay any replacement or relocation fees for tenants.

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House Bill 2002 A requires the owner of a participating publicly supported property (participating property) with an expiring or terminating contract to provide notice to local government and the Housing and Community Services Department two years before the contract expires or terminates or the property is withdrawn from publicly supported housing. If a property owner fails to give proper notice, the affordability restrictions must be extended based on the number of months the property owner failed to notice. The measure allows OHCS and the local government to require payment of replacement or tenant relocation fees from an owner of a participating property. Additionally, an individual is allowed to bring action to recover damages as a result of property owner failing to provide notice.

Publicly supporting housing is defined as a multifamily rental housing development with five or more units receiving or benefiting from government assistance. Government assistance for publicly supported housing is specified to be from a contract for rent assistance from the U.S. Department of Housing and Urban Development, the U.S. Department of Agriculture (USDA) or from OHCS that contains an affordability restriction. The measure specifies exclusions from definition of publicly supported housing including receiving government assistance including specific tax waivers received by a developer, inclusionary housing programs, Housing Choice Voucher Program, project-based rental assistance and tenant vouchers from USDA. Local governments are allowed to request a local subsidy program be included within the definition of publicly supported housing.

House Bill 2002 A also requires participating property owner to provide OHCS and local government the opportunity to purchase participating property thirteen months before withdrawal from publicly supported housing. Withdrawal of a participating property from publicly supporting housing occurs when the primary mortgage is refinanced, recapitalization to rehabilitate or repair property, agreement to sell property to new owner or withdrawing from publicly supported housing. The measure specifies requirements and procedures for OHCS or local government to purchase participating property including appointment of a designee.

House Bill 2002 A requires a property owner to provide right of first refusal to OHCS, local government or designee when accepting a third party's offer to purchase participating property. This applies to new contracts beginning on or after the effective date. Right of first refusal allows OHCS, the local government or designee to make an offer on the participating property on the same terms and conditions as the third party's offer to purchase. If the offer from OHCS, local government, or designee is accepted, the property must be maintain as publicly supported housing. Additionally, the measure allows an individual to bring action to recover damages resulting from an owner of a participating property failing to: provide notice, opportunity to purchase to OHCS or local government, or offer right of first refusal. These provisions apply to participating property contracts renewed on or after the effective date.

Finally, House Bill 2002 A requires OHCS to maintain database on publicly supported housing. This includes data from local, state and federal sources concerning the status of existing affordability restrictions and rental assistance contracts at public supported housing properties.