

A-Engrossed
House Bill 3192

Ordered by the House April 5
Including House Amendments dated April 5

Sponsored by Representative MEEK; Representatives HEARD, HERNANDEZ, KENNEMER, KENY-GUYER

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.

[Establishes Homeownership Down Payment Assistance Program within Housing and Community Services Department to provide grants to eligible nonprofit organizations, housing authorities and local governments to provide financial assistance to first-time home buyers in low income households. Delineates program requirements.]

Directs Housing and Community Services Department to provide funds to assist first-time home buyers from low income households through programs administered by department and grants to eligible nonprofit organizations, housing authorities and local governments. Specifies grant requirements.

Establishes [*Homeownership*] **Home Ownership** Down Payment Assistance [*Program*] Fund and continuously appropriates moneys in fund to department.

Appropriates moneys to department to make grants to eligible nonprofit organizations, housing authorities and local [*government to participate in program*] **governments.**

[Makes program and fund] Becomes operative January 1, 2018.

Declares emergency, effective July 1, 2017.

A BILL FOR AN ACT

1
2 Relating to providing financial assistance to first-time home buyers from low income households; and
3 declaring an emergency.

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

5 **SECTION 1. Sections 2 to 5 of this 2017 Act are added to and made a part of ORS chapter**
6 **458.**

7 **SECTION 2. The Housing and Community Services Department shall provide funds to**
8 **assist first-time home buyers from low income households through programs administered**
9 **by the department including, but not limited to, the Home Ownership Assistance Account**
10 **created in ORS 458.620 and disbursed pursuant to ORS 458.655 and grants made by the de-**
11 **partment in accordance with sections 3 to 5 of this 2017 Act.**

12 **SECTION 3. As used in sections 2 to 5 of this 2017 Act:**

13 (1) "Allowable closing costs" means disbursements listed in a settlement statement for
14 the purchase of a single-family residence by a first-time home buyer.

15 (2) "Eligible costs" means the down payment and allowable closing costs for the purchase
16 of a single-family residence by a first-time home buyer.

17 (3) "First-time home buyer" means an individual who meets all of the following require-
18 ments:

19 (a) Has been a resident of this state for a minimum of six consecutive months.

20 (b) Is a member of a low income household.

21 (c) Has not owned or purchased, either individually or jointly, a single-family residence

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 during a period of three years immediately prior to the date of the purchase of a single-
2 family residence. However, this three-year period shall not apply to displaced homemakers,
3 individuals who have lost home ownership as a result of divorce or owners of manufactured
4 homes.

5 (4) "Grant recipient" means a nonprofit organization, housing authority or local govern-
6 ment that has been awarded a grant from the Housing and Community Services Department
7 under section 4 of this 2017 Act.

8 (5) "Housing authority" means any housing authority established pursuant to ORS 456.055
9 to 456.235.

10 (6) "Local government" has the meaning given that term in ORS 174.116.

11 (7) "Low income household" means a household having an income equal to or less than
12 100 percent of the median household income for the county in which the household is located,
13 adjusted for family size, as determined by the Housing and Community Services Department.
14 In making the determination, the department shall give consideration to any data on area
15 household income published by the United States Department of Housing and Urban Devel-
16 opment.

17 (8) "Nonprofit organization" means an organization or group of organizations that is de-
18 scribed in section 501(c)(3) of the Internal Revenue Code and is exempt from income tax
19 under section 501(a) of the Internal Revenue Code.

20 (9)(a) "Single-family residence" means a dwelling that is intended for occupation by a
21 single family unit and that is owned and occupied by an individual who is a first-time home
22 buyer as the individual's principal residence.

23 (b) "Single-family residence" includes a manufactured dwelling, as defined in ORS 446.003,
24 or condominium unit, as defined in ORS 100.005 (34).

25 **SECTION 4.** (1) The Housing and Community Services Department shall make grants to
26 eligible nonprofit organizations, housing authorities and local governments to provide finan-
27 cial assistance to eligible first-time home buyers for the purchase of a single-family resi-
28 dence. Grants shall be made in a geographically diverse manner throughout this state.

29 (2) A nonprofit organization, housing authority or local government is eligible to receive
30 a grant upon establishing that the nonprofit organization, housing authority or local gov-
31 ernment is operating, or will be operating, a first-time home buyer home ownership program
32 that provides financial assistance to first-time home buyers to pay for eligible costs.

33 (3) In addition to the requirements of subsection (2) of this section, the department shall
34 specify by rule other qualifications that a nonprofit organization, housing authority or local
35 government must demonstrate to be eligible to receive a grant under this section. At a
36 minimum, the nonprofit organization, housing authority or local government must demon-
37 strate the capacity to administer grant funds received under this section and the ability to
38 comply with the requirements of all state and federal laws, rules and regulations.

39 (4) The department shall specify an application process that may include a request for
40 proposals. Upon being awarded a grant under this section, the grant recipient shall enter into
41 an agreement with the department that, at a minimum, contains provisions that:

42 (a) Indicate the purposes for which the grant funds may be used;

43 (b) Limit the amount of financial assistance provided by the grant recipient to a first-
44 time home buyer to a maximum of \$20,000;

45 (c) Require the grant recipient to require the first-time home buyer to whom financial

1 assistance is provided to complete a home buyer education class from a counseling agency
2 that meets industry standards;

3 (d) Include the repayment provisions set forth in subsection (5) of this section;

4 (e) Include the provisions set forth in subsection (7) of this section;

5 (f) Permit the department to conduct audits and investigations of the nonprofit organ-
6 ization, housing authority or local government regarding the purposes for which grant
7 moneys have been used; and

8 (g) Require annual reports by the nonprofit organization, housing authority or local
9 government to the department as set forth in subsection (6) of this section.

10 (5) A grant recipient will be required to repay to the department, in whole or in part,
11 grant moneys received under this section if and to the extent that:

12 (a) The grant recipient does not use the grant funds in accordance with the provisions
13 of the grant agreement executed between the department and the grant recipient under
14 subsection (4) of this section; or

15 (b) The Director of the Housing and Community Services Department determines that
16 the grant recipient must repay all or part of the grant funds on grounds of defalcation, fraud
17 or similar reasons after auditing or investigating the grant recipient's operations and con-
18 ducting an administrative proceeding under ORS 183.413 to 183.470.

19 (6)(a) A grant recipient must report annually to the department concerning the status
20 and use of grant funds received under this section. The department, by rule, shall specify the
21 information that the report must contain. At a minimum, the report must include:

22 (A) A detailed description of the grant recipient's activities as the activities relate to the
23 use of awarded grant funds;

24 (B) A list of each grant, loan or other financial assistance that the grant recipient has
25 provided and, where applicable, a full accounting of the repayment status of the loans;

26 (C) A list of the first-time home buyers to whom the grant recipient has provided finan-
27 cial assistance for the purchase of single-family residences;

28 (D) The nature and amounts of the administrative expenses the grant recipient incurred
29 with respect to providing the first-time home buyer assistance under this section; and

30 (E) Aggregated data concerning the income, racial or ethnic background, family size and
31 related demographic information of first-time home buyers who received assistance with el-
32 igible costs for the purchase of single-family residences, excluding any personal information
33 about an individual.

34 (b) The grant recipient must provide the report described in this subsection to the de-
35 partment not later than December 31 of each year.

36 (7)(a) Amounts of loans purchased, leveraged or made by a grant recipient under this
37 section shall not constitute a debt of the state or a lending of the credit of the state within
38 the meaning of any constitutional or statutory limitation, although nothing in this sub-
39 section or in the terms of an agreement between the department and a grant recipient is
40 intended to impair the rights of the grant recipient to exercise any rights granted to the
41 grant recipient against the security for the loan.

42 (b) The department may not pay amounts for financial assistance under this section from
43 any source other than available funds in the Home Ownership Down Payment Assistance
44 Fund established in section 5 of this 2017 Act.

45 **SECTION 5.** (1) The Home Ownership Down Payment Assistance Fund is established in

1 the State Treasury, separate and distinct from the General Fund. Interest earned by the
2 Home Ownership Down Payment Assistance Fund shall be credited to the fund. All moneys
3 in the fund are continuously appropriated to the Housing and Community Services Depart-
4 ment to award grants to eligible nonprofit organizations, housing authorities and local gov-
5 ernments under section 4 of this 2017 Act.

6 (2) Moneys in the Home Ownership Down Payment Assistance Fund may be used by the
7 department to pay for the administrative expenses of the department in implementing and
8 administering the provisions of sections 2 to 5 of this 2017 Act.

9 (3) The Home Ownership Down Payment Assistance Fund consists of:

10 (a) Moneys appropriated to the fund by the Legislative Assembly;

11 (b) Grant funds repaid under section 4 (5) of this 2017 Act;

12 (c) Moneys transferred to the fund from the federal or state government;

13 (d) Application fees, if any;

14 (e) Interest and other earnings on moneys in the fund; and

15 (f) Gifts, grants and donations received from any source.

16 SECTION 6. In addition to and not in lieu of any other appropriation, there is appropri-
17 ated to the Housing and Community Services Department, for the biennium beginning July
18 1, 2017, out of the General Fund, the amount of \$5,000,000, which may be expended to imple-
19 ment and administer grants made under sections 2 to 5 of this 2017 Act.

20 SECTION 7. (1) Sections 2 to 5 of this 2017 Act become operative on January 1, 2018.

21 (2) The Director of the Housing and Community Services Department may take any
22 action before the operative date specified in subsection (1) of this section that is necessary
23 to enable the director to exercise, on and after the operative date specified in subsection (1)
24 of this section, all of the duties, functions and powers conferred on the director by sections
25 2 to 5 of this 2017 Act.

26 SECTION 8. This 2017 Act being necessary for the immediate preservation of the public
27 peace, health and safety, an emergency is declared to exist, and this 2017 Act takes effect
28 July 1, 2017.

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