

## **HJR 201 -4 STAFF MEASURE SUMMARY**

### **House Committee On Human Services and Housing**

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**Prepared By:** Cassandra Soucy, LPRO Analyst

**Sub-Referral To:** House Committee On Rules

**Meeting Dates:** 2/6, 2/13

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#### **WHAT THE MEASURE DOES:**

Proposes an amendment to the Oregon Constitution, to be referred to voters, allowing municipalities such as counties, cities, or towns to use certain bonded indebtedness to finance capital costs of affordable housing. Specifies requirements for the measure referred to voters to describe 'affordable housing' for the purposes above. Requires the principal amount of indebtedness for a jurisdiction to not exceed 0.5 percent of the real market value of all property in the jurisdiction.

Fiscal Impact - Indeterminate, financial impact committee is created for each state measure submitted to the ballot.

Revenue Impact - No revenue impact

#### **ISSUES DISCUSSED:**

- Use of general obligation bonds for affordable housing
- Funding sources for housing development
- Provisions of Oregon Constitution

#### **EFFECT OF AMENDMENT:**

-4 Directs jurisdictions authorizing bonded indebtedness to provide annual audits and public reporting on the expenditure of proceeds.

#### **BACKGROUND:**

Bonds are debt instruments issued by an entity with a promise to repay the original amount of the bond plus interest over a designated time. Oregon issues bonds as a method of long-term financing. The state's authority to authorize bonds comes from constitutional and statutory provisions. Issuance of these bonds is used to finance public investments.

Article XI Section 9 of the Oregon Constitution prohibits a county or city to assist corporations through becoming a stockholder in; raise money for; or loan the state's credit to any joint company, corporation, or association.

The joint resolution proposes an amendment to this article and section of the Oregon Constitution by not applying the prohibitions to financing capital costs of affordable housing in counties and cities. The proposed amendment to the Oregon Constitution is to be referred to voters for approval or rejection in the next general election.