

HJR 201 A STAFF MEASURE SUMMARY

Senate Committee On Rules

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Meeting Dates: 2/27

WHAT THE MEASURE DOES:

Refers to the people, for their approval or rejection at the next regular general election, a constitutional amendment authorizing local governments to issue bonds to finance affordable housing projects.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Article XI, section 9, of the Oregon Constitution provides a general rule that a local government may not "...raise money for, or loan its credit to, or in aid of" a private company. The provision was originally adopted in 1859 and amended in 1917, and has been the subject of little litigation in recent history. Given the role the private sector plays in many affordable housing projects, some bond counsel have been unable to provide potential lenders with an unqualified opinion that the Oregon Constitution authorizes the issuance of affordable housing bonds.

HJR 201-A refers to the voters, for their approval or rejection at the next regular election, an amendment to the Oregon Constitution that exempts certain affordable housing-related bonds from the prohibitions in Article XI, section 9, if certain conditions are met. First, the bonds must be payable from ad valorem taxes that are not otherwise subject to certain constitutional limitations. Second, the election must be held in May or November or have 50 percent of registered voters cast a ballot. Third, the local government must conduct audits of and publicly report on the expenditure of proceeds from the bonds. Finally, HJR 201-A limits the principal amount of the local government's indebtedness that may be outstanding for affordable housing projects to one-half of one percent of the real market value of all property in the jurisdiction.