

## **HB 2002 A STAFF MEASURE SUMMARY**

### **Joint Committee On Ways and Means**

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**Prepared By:** Michelle Deister, Budget Analyst

**Meeting Dates:** 6/10, 6/14

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

Redefines "property owner" and "third party offeror." Requires owner of participating properties to provide notice to the Oregon Housing and Community Services Department (OHCS) and each local government that is entitled to such as a qualifying potential purchaser in a manner prescribed by OHCS, between 30 and 36 months prior to the date the contract term will expire, permitting owner to withdraw the property from publicly supported housing or to limit affordability restrictions. Provides for penalties for failure to comply. Allows property owners to withdraw from publicly supported housing requirements or terminate affordability restrictions under certain circumstances. Requires a property owner, when the purchased property is being withdrawn from publicly supported housing, to give notice to OHCS between 24 and 30 months prior to the action. Outlines the process for a purchaser to record a notice of right of first refusal for the property. Specifies that local governments and OHCS are not required to purchase or condemn any property or to maintain affordability restrictions. Prohibits property owners from taking action during contract term that would materially interfere with qualified purchaser's ability to maintain participating property as publicly supported housing. Authorizes issuance of lottery bonds to generate \$25 million net proceeds for establishment of the Affordable Housing Preservation Fund for preservation of publicly supported housing.

#### **ISSUES DISCUSSED:**

- Effect of the amendment

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

Removes bonding provisions in the bill, resulting in a minimal fiscal impact to the Housing and Community Services Department.

#### **BACKGROUND:**

In Oregon, property owners who participate in federal housing programs designed to keep rents affordable for tenants, are required to provide notice when their contracts with the United States Department of Housing and Urban Development are going to expire. This notice must also be given to each local government that has requested it, and each affected tenant. In 2017, the Legislative Assembly passed House Bill 2002 (coincidentally) requiring such notice to be provided two years before contract expiration or any other event causing the property to be withdrawn from the pool of publicly supported housing, and allowing local governments to impose penalties for failure to provide such notice. In addition, the measure required owners of publicly supported housing to provide Oregon Housing and Community Services (OHCS) and local governments an opportunity to purchase the property (the right of first refusal).

The measure clarifies and refines provisions affecting the withdrawal or removal of properties from the current supply of publicly supported housing to safeguard opportunities to preserve such housing and to ensure all involved parties receive adequate notice. The measure also authorizes issuance of lottery bonds to produce at least \$25 million net proceeds for deposit into an Affordable Housing Preservation Fund, distinct from the General Fund, for continuous appropriation to OHCS to preserve publicly supported housing.