

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: HB 4204 - 4**80th Oregon Legislative Assembly – 2020 1st Special Session
Legislative Fiscal Office***Only Impacts on Original or Engrossed
Versions are Considered Official***

Prepared by: Haylee Morse-Miller
Reviewed by: Matt Stayner, John Borden, Michelle Deister, Gregory Jolivette, Ken Rocco
Date: June 25, 2020

Measure Description:

Establishes temporary limitations on lenders being able to enforce default remedies on obligations secured by mortgages, trust deeds, land sale contracts or other instruments.

Government Unit(s) Affected:

Department of Consumer and Business Services (DCBS), Housing and Community Services Department (HCSD), Oregon Judicial Department (OJD), Counties, Department of Justice (DOJ)

Summary of Fiscal Impact:

Costs related to the measure are indeterminate at this time - See explanatory analysis.

Analysis:

HB 4204 - 4 protects property owners from foreclosure for payments in arrears as a result of the COVID-19 pandemic. The protections outlined in this measure span an emergency period from March 8 to September 30, 2020, unless the Governor establishes a later end date by executive order. During this period, a lender may not treat a borrower's failure to make a payment due on a property loan as a default. Borrowers must still repay in full any amount owed.

The Housing and Community Services Department (HCSD) anticipates an indeterminate impact as a result of this measure. HCSD issues tax-exempt bonds to fund the Oregon Bond Residential Loan Program for first-time homeowners, and mortgage payments are used to pay bond debt service and program expenses. HCSD anticipates a minimal impact on program funding if the emergency period is short, but could see a much larger impact on revenue flows and loan program operations if the emergency period continues for an extended period, and numerous borrowers are unable to make mortgage payments.

HCSD also provides funding to operate, rehabilitate, or develop multifamily properties that are affordable for low-income tenants. These affordable housing properties typically require a steady stream of rental income to operate. HCSD does not own these properties but should tenants of these properties fall behind on rent payments as a result of the pandemic, these properties may be at risk of foreclosure. HCSD is currently exploring options to mitigate any losses of payments and prevent foreclosure for individual homeowners and properties in the HCSD investment portfolio. Again, the depth and duration of the emergency period and economic downturn will impact the amount of assistance required by these multifamily properties; therefore the impact of this measure on HCSD's affordable rental housing portfolio is indeterminate.

This measure is anticipated to have no fiscal impact on Counties, the Department of Justice, and the Department of Consumer and Business Services, and minimal fiscal impact on the Oregon Judicial Department.