

D R A F T

SUMMARY

Expands Housing and Community Services Department ability to allow financing of certain affordable residential units within mixed-income or mixed-use housing developments subject to limits established by Oregon Housing Stability Council.

A BILL FOR AN ACT

1
2 Relating to financing of affordable housing by Housing and Community Ser-
3 vices Department; amending ORS 456.605, 456.620 and 456.690.

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

5 **SECTION 1.** ORS 456.620 is amended to read:

6 456.620. In carrying out housing programs, the Housing and Community
7 Services Department shall:

8 (1) With the approval of the Oregon Housing Stability Council, adopt
9 standards for the planning, development and management of housing projects
10 for which qualified housing sponsors receive all or a portion of any required
11 financing under ORS 456.548 to 456.725, for audits and inspections to deter-
12 mine compliance with such standards and adopt criteria for the approval of
13 qualified housing sponsors under ORS 456.548 to 456.725.

14 (2) Adopt criteria by which the department may approve or disqualify
15 qualified housing sponsors.

16 (3) Enter into agreements with qualified housing sponsors to regulate the
17 planning, development and management of housing projects constructed with
18 the assistance of the department under ORS 456.548 to 456.725.

19 (4) With the approval of the council, establish maximum household in-

1 come limits for all or a portion of the units in housing projects, **including**
 2 housing developments or other residential housing, financed in whole or in
 3 part by the department. [*A maximum of one-third of the units in a housing*
 4 *project, housing development or other residential housing financed by the de-*
 5 *partment may be rented to households with an income level exceeding 120*
 6 *percent of the median family income level, as determined by the department.*]
 7 **The department may finance only the portion of housing projects**
 8 **consisting of units rented to households with an income below 120**
 9 **percent of the area median income, as defined in ORS 458.610. The**
 10 **department shall, by rule, adopt a methodology for allocating the af-**
 11 **fordable housing portion of a housing project's shared costs, including**
 12 **infrastructure and parking. For a housing project financed by the de-**
 13 **partment, the council may establish a minimum ratio or number of**
 14 **units that will be rented to households with an income below 120 per-**
 15 **cent of the area median income.** If the income level in any unit exceeds
 16 120 percent of the **area** median [*family*] income, the department shall, to the
 17 extent practicable, require that the project, development or other housing
 18 financed by the department have a percentage of low income units that is
 19 higher than the minimum percentages established in ORS 456.120 (19) for
 20 projects financed by local housing authorities or income limitations that are
 21 lower than the limits described in ORS 456.120 (19) or a combination thereof.
 22 Income limits for department programs administered on a statewide basis
 23 may be established by reference to the **area** median [*family or personal in-*
 24 *come in the state, or in various regions in the state, as determined by the de-*
 25 *partment*] **income**. This subsection does not restrict the acquisition of
 26 manufactured dwelling parks.

27 (5) With the approval of the council, ensure that financing is provided in
 28 the department's programs for manufactured housing and for the purchase
 29 of lots described in ORS 92.840 by manufactured dwelling park tenants.

30 **SECTION 2.** ORS 456.605 is amended to read:

31 456.605. (1) The Housing and Community Services Department may estab-

1 lish and implement mortgage credit certificate programs to make available
 2 income tax credits for indebtedness incurred on acquisition, improvement or
 3 rehabilitation of a principal residence. Under this program, the department
 4 may issue tax credit certificates to persons and families with incomes equal
 5 to or lower than the median family income [*as calculated under ORS 456.620*
 6 (4)] **limits established by the department.**

7 (2) If the department elects to issue federal income tax credit certificates,
 8 the director shall certify that each mortgage credit certificate program meets
 9 the requirements of Section 25 of the Internal Revenue Code as amended and
 10 in effect on December 31, 1996. The department shall make the determination
 11 of the amount of qualified mortgage bonds that will not be issued so as to
 12 allow the issuance of mortgage credit certificates.

13 (3) If the Director of the Housing and Community Services Department
 14 determines that the mortgage credit certificate program is not effective with
 15 the median family income limitation established in subsection (1) of this
 16 section, the director may issue tax credit certificates to persons and families
 17 with incomes up to a percent of median family income determined appropri-
 18 ate by the Emergency Board, if the person or families otherwise qualify for
 19 the program.

20 **SECTION 3.** ORS 456.690 is amended to read:

21 456.690. (1) Upon a finding made by the Oregon Housing Stability Council
 22 that the supply of funds available through lending institutions for the fi-
 23 nancing of residential loans for the acquisition, construction, improvement
 24 or rehabilitation of housing units, manufactured dwellings, manufactured
 25 dwelling parks, manufactured dwelling park nonprofit cooperatives or hous-
 26 ing projects for persons and families whose income does not exceed maximum
 27 [*household*] **median family** income limits established by the Housing and
 28 Community Services Department [*under ORS 456.620 (4)*] is inadequate, the
 29 department may make loans to lending institutions in this state for the
 30 purpose of providing funds to such institutions for the financing of residen-
 31 tial housing units, manufactured dwellings, manufactured dwelling parks,

1 manufactured dwelling park nonprofit cooperatives or housing projects, for
2 persons and families whose income does not exceed maximum [*household*]
3 **median family** income limits established by the department [*under ORS*
4 *456.620 (4)*].

5 (2)(a) The department, subject to existing agreements with bondholders,
6 may make privately or federally insured or guaranteed loans for the reha-
7 bilitation or improvement of existing single-family homes for persons and
8 families of lower income, manufactured dwellings for persons and families
9 of lower income or manufactured dwelling parks and manufactured dwelling
10 park nonprofit cooperatives that the department determines have a signif-
11 icant percentage of residents who are persons of lower income, if the de-
12 partment finds that:

13 (A) The supply of funds available through private lending institutions for
14 that purpose is inadequate; and

15 (B) The housing may be rehabilitated or improved to provide adequate,
16 safe and sanitary residential housing.

17 (b) The department may cooperate with qualified housing sponsors in the
18 development and implementation of such loan programs. Loans made by the
19 department under this subsection shall be made for single-family homes.

20 (3) Prior to the making of any loan under this section, the department,
21 with the approval of the council, shall adopt rules governing the making of
22 such loans, including but not limited to:

23 (a) Procedures for the submission, review and approval of requests for
24 loans under this section.

25 (b) Standards and requirements for the allocation of loan moneys avail-
26 able among eligible borrowers and the determination of the terms, conditions
27 and interest rates for such loans.

28 (c) Limitations, if any, on the number of housing units or projects, type
29 of housing units or projects and any other characteristics for the eligibility
30 of housing units or projects for such financing.

31 (d) Restrictions, if any, on the interest rates to be charged by lending

1 institutions on loans made from such loan proceeds and the return to be re-
2 alized by the lending institution therefrom.

3 (e) Commitment requirements applied to residential mortgage financing
4 by lending institutions from the proceeds of such loans.

5 (f) Schedules of fees and charges to be made by the department in ac-
6 cepting, reviewing and acting upon applications for loans under this section.

7 (4) The department shall administer the loan program for rehabilitation
8 or improvement of existing single-family homes for persons and families of
9 lower income in accordance with the following requirements and loan crite-
10 ria:

11 (a) Eligibility for a loan shall be based on current department income
12 limitations.

13 (b) A loan may be assumed only by another person of lower income.

14 (c) The single-family home for which a loan is made must be owner-
15 occupied.

16 (d) The maximum principal amount of a single loan is \$15,000.

17 (e) An eligible borrower shall have only one loan outstanding under this
18 program at any one time.

19 (f) An eligible improvement including, but not limited to, a remodeling
20 project shall be defined by rule and the provisions of the Revenue Adjust-
21 ments Act of 1980 (Public Law 96-499), as adopted December 5, 1980, shall
22 be recognized in that definition.

23 (g) Loans shall be made in accordance with a distribution of population
24 between urban and rural areas that takes the availability of alternative re-
25 sources into account.

26 (h) The department shall work with qualified housing sponsors whenever
27 it is appropriate to do so.

28 (5) All loans made and all rules adopted under this section shall be de-
29 signed by the department, with the approval of the council, to expand the
30 supply of funds available in this state for the financing of residential housing
31 units, manufactured dwellings, manufactured dwelling parks, manufactured

1 dwelling park nonprofit cooperatives and housing projects, for persons and
2 families whose income does not exceed maximum [*household*] **median family**
3 income limits established by the department [*under ORS 456.620 (4)*], to
4 provide an adequate supply of safe and sanitary units of such housing, and
5 to promote the effective participation of conventional lending institutions in
6 the financing of such housing and restrict the financial return and benefit
7 to such lenders to that which is necessary and reasonable to induce their
8 participation under this section.

9 (6) In making loans under this section, the department, with the approval
10 of the council, may prescribe such terms, conditions, maturity dates and in-
11 terest rate provisions as it considers necessary.

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