

House Bill 2094

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of Governor Kate Brown for Housing and Community Services Department)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Authorizes Housing and Community Services Department to define "veteran" by rule for Oregon Housing Fund programs.

Allows department director to delegate signing of housing bonds.

Clarifies definition and qualification criteria of "qualified housing sponsor."

A BILL FOR AN ACT

1
2 Relating to housing; amending ORS 456.548, 456.620, 456.725 and 458.610.

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

4 **SECTION 1.** ORS 458.610 is amended to read:

5 458.610. For purposes of ORS 458.600 to 458.665:

6 (1) "Area median income" means the median family income for the area, subject to adjustment
7 for areas with unusually high or low incomes or housing costs, all as determined by the Oregon
8 Housing Stability Council based on information from the United States Department of Housing and
9 Urban Development.

10 (2) "Council" means the Oregon Housing Stability Council established in ORS 456.567.

11 (3) "Department" means the Housing and Community Services Department established in ORS
12 456.555.

13 (4) "Low income" means income that is more than 50 percent and not more than 80 percent of
14 the area median income.

15 (5) "Minority" means an individual:

16 (a) Who has origins in one of the black racial groups of Africa but who is not Hispanic;

17 (b) Who is of Hispanic culture or origin;

18 (c) Who has origins in any of the original peoples of the Far East, Southeast Asia, the Indian
19 subcontinent or the Pacific Islands; or

20 (d) Who is an American Indian or Alaskan Native having origins in one of the original peoples
21 of North America.

22 (6) "Moderate income" means income that is more than 80 percent and not more than 120 per-
23 cent of the area median income.

24 (7) "Organization" means a:

25 (a) Nonprofit corporation established under ORS chapter 65;

26 (b) Housing authority established under ORS 456.055 to 456.235; or

27 (c) Local government as defined in ORS 197.015.

28 (8) "Persons with disabilities" means persons with handicaps described in 42 U.S.C. 3602(h).

29 (9) "Very low income" means income that is 50 percent or less of the area median income.

30 (10) "Veteran" has the meaning given that term [*in ORS 408.225*] **by the department by rule.**

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 **SECTION 2.** ORS 456.548 is amended to read:

2 456.548. As used in ORS 456.548 to 456.725, unless the context requires otherwise:

3 (1) “Bonds” means any bonds, as defined in ORS 286A.001, or any other evidence of indebt-
4 edness, issued under ORS 456.515 to 456.725 or issued in anticipation of bonds and payable from the
5 proceeds of bonds issued.

6 (2) “Capital reserve account” or “capital reserve accounts” means one or more of the special
7 trust accounts that may be established by the Housing and Community Services Department within
8 the Housing Finance Fund.

9 (3) “Consumer housing cooperative” means a cooperative corporation formed under ORS chapter
10 62 and whose articles of incorporation provide, in addition to the other requirements of ORS chapter
11 62, that:

12 (a) The consumer housing cooperative has been organized exclusively to provide housing facili-
13 ties for persons and families of lower income and such social, recreational, commercial and com-
14 munal facilities as may be incidental to such housing facilities.

15 (b) All income and earnings of the consumer housing cooperative shall be used exclusively for
16 consumer housing cooperative purposes and that no unreasonable part of the net income or net
17 earnings of the cooperative shall inure to the benefit or profit of any private individual, firm, cor-
18 poration, partnership or association.

19 (c) The consumer housing cooperative is in no manner controlled or under the direction of or
20 acting in the substantial interest of any private individual, firm, corporation, partnership or associ-
21 ation seeking to derive profit or gain therefrom or seeking to eliminate or minimize losses in any
22 transaction therewith, except that such limitation shall apply to the members of the cooperative only
23 to the extent provided by rules of the department.

24 (d) The operations of the consumer housing cooperative may be supervised by the department
25 and that the consumer housing cooperative shall enter into such agreements with the department
26 as the department may require to provide regulation by the department of the planning, development
27 and management of any housing project undertaken by the cooperative and the disposition of the
28 property and other interests of the cooperative.

29 (4) “Development costs” means the costs that have been approved by the department as appro-
30 priate expenditures and includes, but is not limited to:

31 (a) Payments for options to purchase property for the proposed housing project site, deposits on
32 contracts of purchase, payments for the purchase of property as approved by the department, legal,
33 organizational and marketing expenses including payment of attorney fees, managerial and clerical
34 staff salaries, office rent and other incidental expenses, payment of fees for preliminary feasibility
35 studies, advances for planning, engineering and architectural work;

36 (b) Expenses for surveys as to need and market analyses; and

37 (c) Such other expenses incurred by the qualified housing sponsor as the department may deem
38 necessary under ORS 456.548 to 456.725.

39 (5) “Federally insured security” means an evidence of indebtedness insured or guaranteed as to
40 repayment of principal and interest by the United States or an agency or instrumentality thereof.

41 (6) “Housing development” means a development that contains housing units for persons or
42 families of lower income and such other incidental elements of residential, commercial, recreational,
43 industrial, communal or educational facilities as the department determines improve the quality of
44 the development as it relates to housing for persons or families of lower income and the financial
45 feasibility of the development.

1 (7) "Housing finance bond declaration" means a written instrument signed by the Director of the
 2 Housing and Community Services Department **or the designee of the director** and on file with and
 3 bearing the certificate of approval of the State Treasurer or the designee of the State Treasurer,
 4 and all housing finance bond declarations supplemental to that instrument.

5 (8) "Housing Finance Fund" means the Housing Finance Fund established in ORS 456.720 (1).

6 (9) "Lending institution" means any bank, mortgage banking company, trust company, savings
 7 bank, credit union, national banking association, federal savings and loan association or federal
 8 credit unit maintaining an office in this state, or any insurance company authorized to do business
 9 in this state.

10 (10) "Limited dividend housing sponsor" means a corporation, trust, partnership, association or
 11 other entity, or an individual that is a mortgagor.

12 (11) "Manufactured dwelling park nonprofit cooperative" has the meaning given that term in
 13 ORS 62.803.

14 (12) "Manufactured housing" means a dwelling unit manufactured off-site having a minimum
 15 width of 10 feet and a minimum area of 400 square feet built on a permanent chassis and designed
 16 to be used for permanent residential occupancy whether or not on a permanent foundation, and that
 17 contains permanent eating, cooking, sleeping and sanitary facilities and meets such standards as the
 18 department determines, by rule, are reasonable to maintain the quality, safety and durability of the
 19 dwelling, the sanitary requirements of the communities in which they are located and the security
 20 of the loans that the department may finance for the purchase of the dwellings.

21 (13) "Nonprofit housing corporation" means an organization formed under ORS chapter 65 and
 22 whose articles of incorporation provide, in addition to the other requirements of ORS chapter 65,
 23 that:

24 (a) The corporation has been organized exclusively to provide housing facilities for persons and
 25 families of lower income and such other social, recreational, commercial and communal facilities as
 26 may be incidental to such housing facilities.

27 (b) All the income and earnings of the corporation shall be used exclusively for corporation
 28 purposes and that no part of the net income or net earnings of the corporation may inure to the
 29 benefit of any private individual, firm, corporation, partnership or association.

30 (c) The corporation is in no manner controlled or under the direction or acting in the substan-
 31 tial interest of any private individual, firm, partnership or association seeking to derive profit or
 32 gain therefrom or seeking to eliminate or minimize losses in transactions therewith.

33 (d) The operations of the corporation may be supervised by the department and that the corpo-
 34 ration shall enter into such agreements with the department as the department may require to reg-
 35 ulate the planning, development and management of any housing project undertaken by the
 36 corporation and the disposition of the property and other interests of the corporation.

37 (14) "Person of lower income" or "family of lower income" means:

38 (a) A person or family residing in this state whose income is not more than 80 percent of area
 39 median income, adjusted for family size, as determined by the Oregon Housing Stability Council
 40 based upon information from the United States Department of Housing and Urban Development;

41 (b) A person or family residing in this state whose income, adjusted for family size, is below the
 42 level the Housing and Community Services Department has determined to be necessary in order to
 43 obtain in the open market decent, safe and sanitary housing, including the cost of utilities and taxes,
 44 for not more than 25 percent of the gross income of the person or family; or

45 (c) Any person or family the department determines is appropriate to treat as a person of lower

1 income or a family of lower income incidental to the accomplishment of department programs for
 2 persons and families of lower income described in paragraphs (a) and (b) of this subsection.

3 (15) "Project cost" or "costs of the project" means the sum of all reasonable expenses incurred
 4 by a qualified housing sponsor in undertaking and completing a housing project approved by the
 5 department. "Project costs" or "costs of the project" include but are not limited to the expenses
 6 incurred by a qualified housing sponsor for:

7 (a) Studies and surveys;

8 (b) Plans, specifications, architectural and engineering services;

9 (c) Legal, organizational and other special services;

10 (d) Financing, acquisition, demolition, construction, equipment and site development of new and
 11 rehabilitated housing units;

12 (e) Movement of existing buildings to new sites; the cost of acquisition, or estimated fair market
 13 value, of land and other interests in real estate;

14 (f) Rehabilitation, reconstruction, repair or remodeling of existing buildings;

15 (g) Estimated carrying charges during construction and for a reasonable period thereafter;

16 (h) Placement of tenants or occupants and relocation services in connection with the housing
 17 project;

18 (i) Reasonable builder's or sponsor's profit and risk allowance; and

19 (j) Development costs not otherwise included in this subsection.

20 (16) "Qualified housing sponsor" [*includes,*] **means**, subject to the approval of the department
 21 **under ORS 456.620 (2):**

22 (a) A consumer housing cooperative;

23 (b) A limited dividend housing sponsor;

24 (c) A nonprofit housing corporation;

25 (d) A for-profit housing sponsor [*including, but not limited to, an individual operating in compli-*
 26 *ance with the criteria adopted by the department under ORS 456.620 (1)*];

27 (e) A housing authority [*created by ORS 456.075*];

28 (f) An urban renewal agency created by ORS 457.035; and

29 (g) Any city or county governing body or agency or department designated by the governing
 30 body.

31 (17) "Residential housing" means a specific work or improvement within this state undertaken
 32 primarily to provide dwelling accommodations, including land development and acquisition, con-
 33 struction or rehabilitation of buildings and improvements thereto, for residential housing, and such
 34 other nonhousing facilities as may be incidental or appurtenant thereto and as the department de-
 35 termines improve the quality of the development as it relates to housing for persons or families of
 36 lower income and the financial feasibility of the development. "Residential housing" includes, but
 37 is not limited to, a specific work or improvement within this state undertaken to provide mobile
 38 home or manufactured dwelling parks as defined in ORS 446.003. As used in this subsection, "land
 39 development" includes, but is not limited to, the improvement of streets and alleys and the con-
 40 struction of surface drains, sewers, curbing and sidewalks.

41 (18) "Residential loan" means any of the following:

42 (a) A loan that is for the acquisition, construction, improvement or rehabilitation of residential
 43 housing and, if the loan is for acquisition or construction of residential housing, that is secured by
 44 a first lien on real property located in the state and:

45 (A) Improved by a newly constructed, existing or rehabilitated residential structure for persons

1 or families of lower income; or

2 (B) Unimproved if the proceeds of such loan shall be used for the erection of a residential
 3 structure thereon, whether or not such loan is insured or guaranteed by the United States or any
 4 instrumentality or agency thereof.

5 (b) An insured or guaranteed loan for the acquisition of manufactured housing or for the ac-
 6 quisition of a lot described in ORS 92.840 by a manufactured dwelling park tenant.

7 (c) A loan for the purchase of a proprietary lease and related cooperative shares in a housing
 8 cooperative formed under ORS chapter 62 secured by a security interest of first priority and a
 9 pledge or an assignment of proprietary leases and related cooperative shares.

10 (19) "Revolving account" means the Housing and Community Services Department Revolving
 11 Account created in ORS 456.574.

12 **SECTION 3.** ORS 456.620 is amended to read:

13 456.620. In carrying out housing programs, the Housing and Community Services Department
 14 shall:

15 (1) With the approval of the Oregon Housing Stability Council, adopt standards for the planning,
 16 development and management of housing projects for which qualified housing sponsors receive all
 17 or a portion of any required financing under ORS 456.548 to 456.725, for audits and inspections to
 18 determine compliance with such standards and adopt criteria for the approval of qualified housing
 19 sponsors under ORS 456.548 to 456.725.

20 (2) Adopt criteria [*for the approval of*] **by which the department may approve or disqualify**
 21 qualified housing sponsors [*in ORS 456.548 to 456.725*].

22 (3) Enter into agreements with qualified housing sponsors to regulate the planning, development
 23 and management of housing projects constructed with the assistance of the department under ORS
 24 456.548 to 456.725.

25 (4) With the approval of the council, establish maximum household income limits for all or a
 26 portion of the units in housing projects, housing developments or other residential housing financed
 27 in whole or in part by the department. A maximum of one-third of the units in a housing project,
 28 housing development or other residential housing financed by the department may be rented to
 29 households with an income level exceeding 120 percent of the median family income level, as de-
 30 termined by the department. If the income level in any unit exceeds 120 percent of the median family
 31 income, the department shall, to the extent practicable, require that the project, development or
 32 other housing financed by the department have a percentage of low income units that is higher than
 33 the minimum percentages established in ORS 456.120 (19) for projects financed by local housing au-
 34 thorities or income limitations that are lower than the limits described in ORS 456.120 (19) or a
 35 combination thereof. Income limits for department programs administered on a statewide basis may
 36 be established by reference to the median family or personal income in the state, or in various re-
 37 gions in the state, as determined by the department. This subsection does not restrict the acquisition
 38 of manufactured dwelling parks.

39 (5) With the approval of the council, ensure that financing is provided in the department's pro-
 40 grams for manufactured housing and for the purchase of lots described in ORS 92.840 by manufac-
 41 tured dwelling park tenants.

42 **SECTION 4.** ORS 456.725 is amended to read:

43 456.725. (1) Unless the qualified housing sponsor[, *as defined in ORS 456.548,*] has agreed not to
 44 discriminate against the initial dwelling unit purchaser or any tenant who is a parent or legal
 45 guardian with whom a child resides or is expected to reside, the housing sponsor shall not be enti-

1 tled to any benefits for the construction, substantial rehabilitation or permanent financing of multi-
2 ple unit residential housing or owner occupied dwelling units in condominiums or cooperatives from
3 any of the following:

4 (a) Any state financed or sponsored housing program.

5 (b) Any tax exemption or limited assessment under ORS 307.600 to 307.637 or 308.450 to 308.481.

6 (2) Subsection (1) of this section does not apply where the dwelling units are occupied exclu-
7 sively by households, the heads of which are 58 years or older.

8 (3) The Housing and Community Services Department shall adopt rules to establish and imple-
9 ment a grievance procedure for any unit purchaser or tenant who alleges violation of subsection (1)
10 of this section whereby the grievance can be resolved by means of conciliation. Nothing in this
11 section limits the right of the Housing and Community Services Department to enforce subsection
12 (1) of this section by other appropriate remedies.

13 (4) The city shall terminate the exemption under ORS 307.600 to 307.637 upon a finding that the
14 qualified housing sponsor which has the exemption has violated subsection (1) of this section.

15 (5) The governing body shall terminate the limited assessment under ORS 308.450 to 308.481
16 upon a finding that the qualified housing sponsor which has the limited assessment has violated
17 subsection (1) of this section.

18 (6) Nothing in this section prevents the qualified housing sponsor from limiting the number of
19 occupants in a unit depending on the number of rooms in compliance with a schedule adopted by
20 rule by the Housing and Community Services Department or by local ordinance adopted by the
21 governing body.

22 (7) Nothing in this section requires or prohibits a qualified housing sponsor from providing fa-
23 cilities to accommodate the children of tenants.

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