House Bill 3543
Sponsored by Representatives MORGAN, GOODWIN; Representatives HELFRICH, LEVY B, MANNIX

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.

Amends income eligibility requirements for various housing programs and land use regulations.

A BILL FOR AN ACT

Be It Enacted by the People of the State of Oregon:
SECTION 1. ORS 456.005 is amended to read:

456.005. As used in ORS chapters 456 and 458, unless the context requires otherwise:

(1) “Affordable housing” means, except as provided under section 3 of this 2023 Act, housing that is maintained as affordable for individuals and families whose income is not greater than 80 percent of the area median income. “Maintained as affordable” includes housing subject to an affordable housing covenant as described in ORS 456.270 to 456.295.

(2) “Area median income” means the median income, adjusted for family size, for the metropolitan statistical area in which the housing is located, as determined by the Oregon Housing Stability Council based upon information from the United States Department of Housing and Urban Development.

(3) “Culturally responsive organization” means an entity that, as determined by the Housing and Community Services Department:

(a) Comprehensively addresses power relationships throughout the organization by methods that include addressing conflicts and dynamics of inclusion and exclusion;

(b) Has relationships with and is responsive to communities that the organization serves, including communities of color;

(c) Hires, promotes, trains and supports staff who are culturally and linguistically diverse in ways that reflect the communities that the organization serves, including communities of color;

(d) Provides culturally responsive service; and

(e) With respect to paragraphs (a) to (d) of this subsection, has adopted governance structures, policies and cultural norms to hold its leadership and staff accountable and to continue improvements.

(4) “Culturally responsive service” means service that:

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.
(a) Is adapted to maximize the respect of and relevance to the beliefs, practices, culture and
linguistic needs of the diverse client populations and communities being served, including clients and
communities of color.

(b) Has the capacity to respond to the issues of diverse communities.

(c) Assures competent language access and incorporates diverse cultural approaches, strengths,
perspectives, experiences, frames of reference, values, norms and performance styles of clients and
communities to make services and programs more welcoming, accessible, appropriate and effective
for all eligible and intended recipients.

[(3)] (5) “Culturally specific organization” means an entity that provides services to a cultural
community, and may be further defined by rule by the department.

[(4)] (6) “Federal government” includes the United States of America and any agency or
instrumentality, corporate or otherwise, of the United States of America.

[(5)] (7) “Housing authority” or “authority” means any public corporation created under ORS
456.055 to 456.235.


(9) “Workforce housing” means, except as provided under section 3 of this 2023 Act,
housing that is maintained as affordable for individuals and families whose income is greater
than 80 percent of area median income and not greater than 120 percent of the area median
income. “Maintained as affordable” includes housing subject to an affordable housing
covenant as described in ORS 456.270 to 456.295.

SECTION 2. Section 3 of this 2023 Act is added to and made a part of ORS 456.515 to
456.725.

SECTION 3. The Housing and Community Services Department may, by rule, amend the
income range, as a percentage of the area median income, that individuals or families must
earn in order to be eligible for programs administered by the department under ORS 456.515
to 456.725 or ORS chapter 458, as necessary to comply with federal law or to maintain eligi-
bility for federal programs or resources.

SECTION 4. ORS 197.311 is amended to read:

197.311. (1) As used in this section:

(a) “Affordable housing” means housing that is affordable to households with incomes equal to
or less than 60 percent of the median family income for the county in which the development is built
or for the state, whichever is greater, that is subject to an affordable housing covenant, as provided in
ORS 456.270 to 456.295, that maintains the affordability maintained as affordable or workforce
housing, as defined in ORS 456.005, for a period of not less than 60 years from the date of the
certificate of occupancy.

(b) “Multifamily residential building” means a building in which three or more residential units
each have space for eating, living and sleeping and permanent provisions for cooking and sanitation.

(2) Notwithstanding ORS 215.427 (1) or 227.178 (1), a city with a population greater than 5,000
or a county with a population greater than 25,000 shall take final action on an application qualifying
under subsection (3) of this section, including resolution of all local appeals under ORS 215.422 or
227.180, within 100 days after the application is deemed complete.

(3) An application qualifies for final action within the timeline described in subsection (2) of this
section if:

(a) The application is submitted to the city or the county under ORS 215.416 or 227.175;

(b) The application is for development of a multifamily residential building containing five or
more residential units within the urban growth boundary; and

(c) At least 50 percent of the residential units included in the development will be sold or rented as affordable housing.

(4) A city or a county shall take final action within the time allowed under ORS 215.427 or 227.178 on any application for a permit, limited land use decision or zone change that does not qualify for review and decision under subsection (3) of this section, including resolution of all appeals under ORS 215.422 or 227.180, as provided by ORS 215.427 and 215.435 or by ORS 227.178 and 227.181.

(5) With respect to property within an urban growth boundary owned by a nonprofit corporation organized as a religious corporation, a local government:

(a) May apply only restrictions or conditions of approval to the development of affordable housing that are, notwithstanding ORS 197.307 (5) or statewide land use planning goals relating to protections for historic areas:

(A) Clear and objective as described in ORS 197.307 (4); or
(B) Discretionary standards related to health, safety, habitability or infrastructure.

(b) Shall approve the development of affordable housing on property not zoned for housing if:

(A) The property is not zoned for industrial uses; and
(B) The property is contiguous to property zoned to allow residential uses.

(6) Affordable housing allowed under subsection (5)(b) of this section may be subject only to the restrictions applicable to the contiguously zoned residential property as limited by subsection (5)(a) of this section and without requiring that the property be rezoned for residential uses. If there is more than one contiguous residential property, the zoning of the property with the greatest density applies.

SECTION 5. ORS 456.055 is amended to read:

456.055. As used in the Housing Authorities Law, unless the context requires otherwise:

[(1) “Affordable housing” means dwelling units that may be purchased or rented, with or without government assistance, by persons of eligible income.]

[(2) “Blighted area” means any area where housing, by reason of neglect and dilapidation, is detrimental to the safety or health of the occupants or of the neighborhood in which the housing is located.]

[(3) “Bonds” means any bonds, notes, interim certificates, debentures or other obligations issued by an authority pursuant to the Housing Authorities Law. The giving of a note secured by a mortgage or trust deed will not constitute a bond.]

[(4) “The city” means the particular city included within a particular housing authority.]

[(5) “Clerk” means the recorder of the city or the clerk of the county, as the case may be, or the officer of the city or the county, respectively, charged with the duties customarily imposed on such clerk.]

[(6) “County” means any county in the state. “The county” means a particular county or counties for which a particular housing authority is created.]

[(7) “Governing body” means, in the case of a city, the common council or other legislative body thereof, and, in the case of a county, the county court, commission or other legislative body thereof.

[(8) “Housing” means housing of all kinds, including but not limited to single-family dwellings, multifamily dwellings, emergency shelters, dwelling accommodations, living accommodations, manufactured dwelling parks, residential units, housing projects or other dwellings.]

[3]
“(9) (8) “Housing unit” or “unit” means a single-family dwelling, a single apartment or other single dwelling.

“(10) (9) “Mixed income housing” means a housing project that houses tenants with a mixture of income levels, including those not of lower income, for the purpose of reducing the rents for tenants whose incomes are no greater than 60 percent of the area median income.

“(11) (10) “Obligee of the authority” or “obligee” includes any bondholder or trustee for any bondholder, or lessor demising to the authority property used in connection with a housing project, or any assignee of such lessor’s interest or any part thereof, and the federal government when it is a party to any contract with the authority.

“(12) (11) “Persons of eligible income” means individuals or families who meet the applicable income limits of local, state or federally funded programs or developments.

“(13) (12) “Private market” means those rental housing units owned and operated by nongovernment entities and without government subsidies.

“(14) “Person of lower income” or “family of lower income” means a person or a family, residing in this state, whose income is not greater than 80 percent of the area median income, adjusted for family size, as determined by the Housing and Community Services Department using United States Department of Housing and Urban Development information.

“(15) (13) “Real property” includes all lands, including improvements and fixtures thereon, and property of any nature appurtenant thereto, or used in connection therewith, and every estate, interest and right, legal or equitable, therein, including terms for years and liens by way of judgment, mortgage or otherwise and the indebtedness secured by such liens.

SECTION 6. ORS 456.060 is amended to read:

456.060. (1) As used in the Housing Authorities Law, unless the context requires otherwise, “area of operation” includes:

(a) In the case of a housing authority of a city:

(A) The area within the city;

(B) If the city has adopted in its comprehensive land use plan an urban growth boundary recognized by the governing bodies of the counties in which it is situated, the area within that urban growth boundary; and

(C) Unless a county has an existing housing authority which is operating and substantially addressing the need for [housing in the county for persons of lower income] **affordable and workforce housing**, the area within 10 miles from the territorial boundaries of the city, excepting any area which lies within the territorial or urban growth boundaries of some other city which has by ordinance prohibited such operation within the city or its urban growth boundaries because the city finds that:

(i) An existing public agency operating within the area is substantially addressing the need for [housing in the county for persons of lower income] **affordable and workforce housing**; or

(ii) There is no need for [housing in the county for persons of lower income] **affordable or workforce housing**.

(b) In the case of a housing authority of a county, the area within the county which lies:

(A) Outside the territorial boundaries of any city or, if a city has adopted in its comprehensive land use plan an urban growth boundary recognized by the governing bodies of the counties in which it is situated, that urban growth boundary; and

(B) Inside the territorial or urban growth boundaries of any city unless the city has by ordinance prohibited such operation within the city or its urban growth boundary because the city finds
that:

(i) An existing public agency operating within the area is substantially addressing the need for
affordable and workforce housing; or

(ii) There is no need for affordable or workforce housing.

(2) As used in this section, “need” means the condition described in ORS 456.085.

(3) Nothing in this section shall prevent units of local government from entering into intergov-
ernmental agreements pursuant to ORS 190.003 to 190.130 for the purpose of:

(a) Establishing areas of operation which are different from the areas specified in this section,
including agreements which utilize an urban growth boundary to allocate areas of operation between
the housing authorities of a city and a county.

(b) Permitting a specific housing program or portion of a program to be operated in areas within
the corporate limits of a city by an existing housing authority of a county or some other city.

SECTION 7. ORS 456.065 is amended to read:

456.065. (1) As used in this section:

(a) “Community services” means services provided by public or private nonprofit organizations
or service agencies that may include, but are not limited to, child care, early childhood education,
health, human resources, information and referral services, basic life skills and adult literacy
classes, support services designed to improve self-sufficiency and recreational programs.

(b) “Community services facilities” includes, but is not limited to, all buildings, grounds or other
real or personal property necessary to provide a public benefit, appurtenances that are necessary,
convenient or desirable, streets, sewers, water service and other utilities, parks and gardens.

(2) As used in the Housing Authorities Law, unless the context requires otherwise, “housing
project” means any work or undertaking:

(a) To provide decent, safe and sanitary urban or rural housing for persons or families of lower
income affordable and workforce housing. A work or undertaking described in this paragraph
may include buildings, land, equipment, facilities and other real or personal property for necessary,
convenient or desirable appurtenances, streets, sewers, water service and other utilities, parks, site
preparation, gardening, administrative, community services, leased commercial facilities consistent
with mixed residential and commercial communities, health, recreational, educational, welfare or
other purposes authorized under ORS 456.055 to 456.235.

(b) To provide community services facilities for the benefit of the health, recreation, education,
culture and welfare of the entire community, without regard to the economic status of the persons
or families who may utilize the facilities.

(c) To demolish, clear or remove buildings from any blighted area. A work or an undertaking
described in this paragraph may embrace the adaptation of the area to public purposes, including
housing, parks, community services facilities or other recreational, educational, cultural or commu-
nity purposes.

(d) To accomplish a combination of the projects described in paragraphs (a), (b) and (c) of this
subsection, or accomplish the planning of the buildings and improvements, the acquisition of prop-
erty, the demolition of existing structures, the construction, reconstruction, alteration and repair
of the improvements and all other work in connection with those projects.

(e) To provide management, administration and contract services between the housing authority
and owners of decent, safe and sanitary housing for the purpose of providing affordable affordable or
workforce housing.
SECTION 8. ORS 456.070 is amended to read:

456.070. It hereby is declared:

(1) That there exists in this state a need for an increase in [affordable housing for persons or families of lower income] **affordable and workforce housing**.

(2) That it is a goal of this state to increase the availability of affordable [housing for persons and families of lower income] **and workforce housing**.

(3) That there is a necessity in the public interest for the Housing Authorities Law.

SECTION 9. ORS 456.085 is amended to read:

456.085. The governing body shall adopt a resolution declaring that there is need for a housing authority in the city or county, if it finds that there exists a need for additional safe, decent and sanitary [affordable housing for persons or families of lower income] **affordable and workforce housing**.

SECTION 10. ORS 456.125 is amended to read:

456.125. Within its area of operation, a housing authority may:

(1) Investigate into living, dwelling and housing conditions and into the means and methods of improving such conditions by either the housing authority or the private market.

(2) Determine where blighted areas exist or where there is a shortage of decent, safe and sanitary [housing for persons or families of lower income] **affordable and workforce housing**.

(3) Make studies and recommendations relating to the problem of clearing, replanning and reconstructing blighted areas to provide affordable and workforce housing and the problem of providing [housing for persons or families of lower income] **affordable and workforce housing**. An authority is encouraged to cooperate with the private market and the city, county or state or any of their political subdivisions in action taken in connection with identifying and solving such problems.

(4) Engage in research, studies and experimentation on the subject of housing.

(5) Prepare, carry out, acquire, lease and operate housing projects.

(6) Provide for the construction, reconstruction, improvement, alteration or repair of any housing project or any part thereof.

SECTION 11. ORS 456.153 is amended to read:

456.153. A housing authority may finance, develop, own, manage or operate a mixed income housing project if:

(1) The housing authority determines that a substantial number of persons of eligible income in the area served by the authority cannot obtain [housing for 30 percent or less of their income] **affordable or workforce housing**.

(2) Based on the determination under subsection (1) of this section, the housing authority adopts a resolution declaring the need for additional **affordable or workforce housing** [for persons or families of lower income] that can be addressed by the authority financing, developing, owning, managing or operating a mixed income housing project.

SECTION 12. ORS 456.155 is amended to read:

456.155. (1) It hereby is declared to be the policy of this state that:

(a) Each housing authority shall manage and operate its housing projects in an efficient and cost-effective manner so as to enable it to set the rents for housing units at the lowest possible rates consistent with providing decent, safe and sanitary housing and fulfilling the unmet need of affordable or workforce housing [for persons or families of lower income].

(b) No housing authority shall construct or operate any such housing for profit, or as a source
of revenue to a city or a county.

(2) Notwithstanding any provisions of this section to the contrary, a housing authority may establish and maintain reasonable reserves for the purpose of providing additional housing projects that the authority owns or manages and otherwise administering its programs pursuant to this chapter.

SECTION 13. ORS 456.190 is amended to read:

456.190. In any suit, action or proceedings involving the validity or enforceability of any bond of an authority or the security therefor, any bond reciting in substance that it has been issued by the authority to aid in financing [a housing project to provide housing for persons or families of lower income] affordable or workforce housing is conclusively deemed to have been issued for a housing project of such character and said project is conclusively deemed to have been planned, located and constructed in accordance with the Housing Authorities Law.

SECTION 14. ORS 456.270 to 456.295 are added to and made a part of ORS chapter 456.

SECTION 15. ORS 456.270 is amended to read:

456.270. As used in ORS 456.270 to 456.295:

(1) “Affordable housing covenant” means a nonpossessory interest in real property imposing limitations, restrictions or affirmative obligations that encourage development or that ensure continued availability of affordable or workforce rental and owner-occupied housing [for low or moderate income individuals].

(2) “Area median income” means the median income for the metropolitan statistical area in which the affordable housing is located, as determined by the Housing and Community Services Department, adjusted for household size.]

(3) “Eligible covenant holder” means:

(a) A public body, as defined in ORS 174.109;
(b) An agency of the United States government;
(c) A public benefit corporation or religious corporation, as those terms are defined in ORS 65.001, one purpose of which is to provide affordable or workforce housing [for low or moderate income households];
(d) A consumer housing cooperative, as defined in ORS 456.548;
(e) A manufactured dwelling park nonprofit cooperative corporation; or
(f) A federally recognized Indian tribe.

(4) “Low income household” means a household with income less than or equal to 80 percent of the area median income.

(5) “Moderate income household” means a household with income less than or equal to 120 percent and greater than 80 percent of the area median income.

(6) “Subsidy” includes, but is not limited to:

(a) A grant, loan or contract made by a federal agency, a federally recognized Indian tribe or a public body, as defined in ORS 174.109;
(b) A grant, loan or contract made by a nonprofit corporation or a limited liability company the sole member of which is a nonprofit corporation;
(c) A subsidized loan from a lending institution that makes loans for residential housing; or
(d) A subsidized private transaction.

(7) “Third-party right of enforcement” means a right provided in an affordable housing covenant to a third party to enforce the terms of the covenant.

SECTION 16. ORS 456.275 is amended to read:
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456.275. The Legislative Assembly finds and declares that:

(1) There is a serious shortage of decent, safe and sanitary affordable and workforce housing available [and affordable to low and moderate income households in the State of Oregon].

(2) The inadequacy in the supply of decent, safe and sanitary affordable and workforce housing endangers the public health and jeopardizes the public safety and general welfare of the state.

(3) To obtain the benefits of covenants and restrictions that seek to preserve and maintain affordable and workforce housing, the Legislative Assembly authorizes the creation and enforcement of affordable housing covenants.

SECTION 17. ORS 456.280 is amended to read:

456.280. (1) A person may create an affordable housing covenant as a condition of giving or receiving a subsidy during ownership or upon conveying real property, in the form of a covenant, servitude, easement, condition or restriction in a deed, declaration, land sale contract, trust deed, mortgage, security agreement, assignment, will, trust, rental agreement, lease or other written instrument that is:

(a) Executed by the owner of the real property and the covenant holder; and

(b) Recorded in the deed and mortgage records of the county in which the real property is located.

(2) The affordable housing covenant creates a real property right in an eligible covenant holder to:

(a) Limit the use of real property to occupancy [by low or moderate income households] based on income in rental or owner-occupied housing;

(b) Restrict the rental rate or sale price of real property to ensure affordability [by future low and moderate income households];

(c) Limit, restrict or condition the use and enjoyment of real property to create or retain rental or owner-occupied [affordable] housing for occupancy [by low or moderate income households] based on income; or

(d) Purchase real property at a trustee’s sale under terms set forth in ORS 86.782.

(3) The affordable housing covenant may be conveyed, assigned, modified or terminated by a written instrument recorded in the deed and mortgage records of the county in which the real property is located. The affordable housing covenant may be:

(a) Conveyed or assigned by a written instrument executed by the conveying or assigning covenant holder and the accepting covenant holder;

(b) Modified by a written instrument executed by the covenant holder and the owner of the real property; or

(c) Terminated by a written instrument executed by the covenant holder and a third party with the right to enforce the covenant.

(4) An affordable housing covenant is not invalid because a holder of the covenant is not an eligible covenant holder. A covenant holder who is not an eligible covenant holder may not modify, terminate or commence an action to enforce the covenant. However, the covenant holder may convey or assign the covenant to an eligible covenant holder who may modify or terminate the covenant or commence an action to enforce the covenant.

(5) An affordable housing covenant is unlimited in duration unless:

(a) The instrument creating the covenant provides otherwise;

(b) The duration of the covenant is modified before the stated term of the covenant expires; or

(c) The covenant is terminated.
(6) Upon termination of an affordable housing covenant for any reason before the stated term of the covenant expires, the covenant holder is entitled to receive the difference between the fair market value of the real property immediately before termination and the fair market value of the real property immediately after termination.

(7) An affordable housing covenant does not impair an interest in real property that exists at the time the affordable housing covenant is created unless the owner of the interest is a party to the affordable housing covenant, subordinates the interest to the affordable housing covenant or otherwise agrees to be bound by the affordable housing covenant.

(8) An instrument that creates an affordable housing covenant may grant the eligible covenant holder, or a designee of the eligible covenant holder, a right to enter the real property to ensure compliance with the covenant and, if the right is granted, the instrument shall designate the time and manner in which the eligible covenant holder or designee may enter the real property.

(9) An affordable housing covenant holder may assign a third-party right of enforcement, by a written instrument executed by the covenant holder and recorded in the deed and mortgage records of the county in which the real property is located, to a person that qualifies as an eligible covenant holder but that is not the holder of that covenant.

(10) An affordable housing covenant is automatically terminated if:

(a) The only holder of the covenant is a corporation, as defined in ORS 65.001, that is dissolved without conveying or assigning the covenant; and

(b) No person is entitled to exercise a third-party right of enforcement pursuant to subsection (9) of this section.

SECTION 18. ORS 456.285 is amended to read:

456.285. An affordable housing covenant may:

(1) Include limitations, restrictions and affirmative obligations on the sale price or rental rate of real property or the use of real property or the income or assets of purchasers or tenants;

(2) Limit the amount of equity appreciation that a property owner may derive from ownership of the real property;

(3) Grant a right of first refusal or an option to purchase to the eligible covenant holder;

(4) Restrict the class of persons to whom real property may be sold, leased or rented according to, but not limited to, household income, assets, residency and prior homeownership;

(5) Limit the use of the real property to residential use as the primary residence [of a low or moderate income household];

(6) Limit, condition or prohibit leasing or subletting;

(7) Impose obligations for maintenance and insurance of the real property;

(8) Limit, condition or prohibit the owner from allowing liens on the real property; and

(9) Make other limitations, conditions or prohibitions that affect the affordability of real property [for low or moderate income households].

SECTION 19. ORS 456.355 is amended to read:

456.355. As used in ORS 456.355 to 456.370, unless the context requires otherwise:

(1) “Governing body” means the governing body of any city or county.

(2) “Housing project” means any work or undertaking of a nonprofit sponsor, limited-dividend housing corporation or a for-profit developer meeting the requirements of subsection (5) of this section for the purpose of operating, rehabilitating or constructing decent, safe and sanitary affordable and workforce housing [for families and individuals who cannot obtain such shelter in the open market for 25 percent of the gross family income].
(3) “Nonprofit housing sponsor” means any corporation not for profit organized under the provisions of ORS chapter 65 for the purpose of undertaking, constructing or operating a housing project, or authorized by its charter to undertake, construct or operate a housing project.

(4) “Limited-dividend housing corporation” means any corporation that qualifies as such under the federal Housing and Urban Development Act of 1968.

(5) “For-profit developer” means a developer who agrees to rent housing units at below-market rent over a substantial period of time to households with income limits stipulated by the city or county.

(a) Proposals for such projects shall be solicited by appropriate direct and indirect invitation.

(b) Proposals received shall be measured against stated criteria, and reasons for the choices made shall be recorded.

(c) The financial stability of the developer shall be established to the satisfaction of the city or county.

(d) The Housing and Community Services Department shall review the documentation for paragraphs (a), (b) and (c) of this subsection for procedural compliance. The department may comment on the issue of benefits received against the benefits conferred, but it is not the intent of the legislature that the department shall substitute its judgment for that of the city or county in determining whether these benefits are in balance.

SECTION 20. ORS 456.502 is added to and made a part of ORS 456.515 to 456.725.

SECTION 21. ORS 456.502 is amended to read:

456.502. (1) The Affordable and Workforce Housing Land Acquisition Revolving Loan Program is established within the Housing and Community Services Department. The purpose of the program is to provide financial assistance to eligible organizations to purchase land for affordable and workforce housing development. The department may contract with a qualifying nonprofit organization to serve in a fiduciary capacity as program administrator.

(2) The department or the program administrator, with the department's approval, may make loans to eligible organizations to purchase land on which to develop affordable and workforce housing and to build facilities intended to provide supportive services [to affordable housing residents and low income households] in the nearby community.

(3) Organizations that are eligible to participate in the program include local governments, housing authorities, nonprofit community or neighborhood-based organizations, federally recognized Indian tribes in this state and regional or statewide nonprofit housing assistance organizations.

(4) Each eligible organization must include in the organization's loan application a proposed affordable or workforce housing development plan that indicates the number of affordable or workforce housing units planned, a description of any other facilities that are being considered for the property and an estimated timeline for completion of the development. The department or the department's program administrator may require additional information from eligible organizations and may consider the efficient use of land, project readiness, organizational capacity and other factors as criteria in making loans.

(5) Forty percent of loans made by the program shall go to eligible organizations operating affordable or workforce housing ownerhip programs [for low income households]. If the entire 40 percent cannot be loaned to the types of eligible organizations described in this subsection, the remainder may be loaned to other eligible organizations under subsection (6) of this section.

(6) Sixty percent of loans shall be made to eligible organizations not described in subsection (5) of this section.
(7) Within five years of receiving a loan, a loan recipient must present the department or the program administrator with an updated development plan, including a proposed development design, committed and anticipated additional financial resources to be dedicated to the development and an estimated development schedule that indicates completion of the development within eight years of receipt of the loan. The updated development plan must be substantially consistent with the development plan submitted as part of the original loan application required in subsection (4) of this section.

(8) Within eight years of receiving a loan under this section, a loan recipient must complete development of affordable or workforce housing on the property for which the loan was made and place the affordable or workforce housing into service.

(9) A loan recipient must preserve the affordable or workforce housing developed on the property acquired under this section as affordable or workforce housing for a minimum of 30 years.

(10)(a) If a loan recipient does not place affordable or workforce housing into service on a property for which a loan was received under this section within the eight-year period specified in subsection (8) of this section, or if a loan recipient fails to use the property for the intended affordable or workforce housing purpose consistent with the loan recipient's original affordable or workforce housing development plan, the loan recipient must pay to the department an amount consisting of the principal of the original loan plus compounded interest calculated at the current market rate. The department shall develop guidelines for the time period in which this repayment must take place and include the time period in the original loan agreement entered into with the loan recipient. The department may grant a partial or total exemption from this repayment requirement if the department determines that a development is substantially complete or that the property has been substantially used as described in the original affordable or workforce housing development plan.

(b) As used in this subsection, “current market rate” means the current average market interest rate that is determined at the time any individual loan is closed upon using a widely recognized current market interest rate measurement to be selected for use by the department or by the program administrator, with the approval of the department. This interest rate must be noted in an attachment to the closing documents for each loan.

(11) The department, or the program administrator with the approval of the department, may adopt guidelines and requirements that are necessary to administer the program.

(12) Interest rates on loans granted under this section may not exceed one percent.

(13) The department, or the program administrator with the approval of the department, must develop performance measures for the program, including, at a minimum, measures related to:

(a) The ability of eligible organizations to access land for affordable or workforce housing development;

(b) The total number of dwelling units by housing type [and the total number of low income households and persons served]; and

(c) The financial efficiency of the program as demonstrated by certain factors, including the cost per unit developed for affordable or workforce housing units in different areas of this state and a measure of the effective use of funds to produce the greatest number of units [for low income households].

(14) By December 1 of each year, [beginning in 2018,] the department and the program administrator, if any, shall report to the interim committees of the Legislative Assembly with subject matter jurisdiction for housing regarding the performance measures developed under subsection (13) of this section.
section.

[(15) For purposes of this section, “low income household” has the meaning given that term in ORS 456.270.]

[(16)(15) The department shall adopt rules to implement and carry out the provisions of this section.

SECTION 22. ORS 456.548 is amended to read:
456.548. As used in ORS 456.548 to 456.725, unless the context requires otherwise:
(1) “Bonds” means any bonds, as defined in ORS 286A.001, or any other evidence of indebtedness, issued under ORS 456.515 to 456.725 or issued in anticipation of bonds and payable from the proceeds of bonds issued.
(2) “Capital reserve account” or “capital reserve accounts” means one or more of the special trust accounts that may be established by the Housing and Community Services Department within the Housing Finance Fund.
(3) “Consumer housing cooperative” means a cooperative corporation formed under ORS chapter 62 and whose articles of incorporation provide, in addition to the other requirements of ORS chapter 62, that:
(a) The consumer housing cooperative has been organized exclusively to provide affordable or workforce housing facilities [for persons and families of lower income] and such social, recreational, commercial and communal facilities as may be incidental to such housing facilities.
(b) All income and earnings of the consumer housing cooperative shall be used exclusively for consumer housing cooperative purposes and that no unreasonable part of the net income or net earnings of the cooperative shall inure to the benefit or profit of any private individual, firm, corporation, partnership or association.
(c) The consumer housing cooperative is in no manner controlled or under the direction of or acting in the substantial interest of any private individual, firm, corporation, partnership or association seeking to derive profit or gain therefrom or seeking to eliminate or minimize losses in any transaction therewith, except that such limitation shall apply to the members of the cooperative only to the extent provided by rules of the department.
(d) The operations of the consumer housing cooperative may be supervised by the department and that the consumer housing cooperative shall enter into such agreements with the department as the department may require to provide regulation by the department of the planning, development and management of any housing project undertaken by the cooperative and the disposition of the property and other interests of the cooperative.
(4) “Development costs” means the costs that have been approved by the department as appropriate expenditures and includes, but is not limited to:
(a) Payments for options to purchase property for the proposed housing project site, deposits on contracts of purchase, payments for the purchase of property as approved by the department, legal, organizational and marketing expenses including payment of attorney fees, managerial and clerical staff salaries, office rent and other incidental expenses, payment of fees for preliminary feasibility studies, advances for planning, engineering and architectural work;
(b) Expenses for surveys as to need and market analyses; and
(c) Such other expenses incurred by the qualified housing sponsor as the department may deem necessary under ORS 456.548 to 456.725.
(5) “Federally insured security” means an evidence of indebtedness insured or guaranteed as to repayment of principal and interest by the United States or an agency or instrumentality thereof.

[12]
(6) “Housing development” means a development that contains affordable or workforce housing units [for persons or families of lower income] and such other incidental elements of residential, commercial, recreational, industrial, communal or educational facilities as the department determines improve the quality of the development as it relates to affordable or workforce housing [for persons or families of lower income and] or to the financial feasibility of the development.

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

(8) “Housing Finance Fund” means the Housing Finance Fund established in ORS 456.720 (1).

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

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

(11) “Manufactured dwelling park nonprofit cooperative” has the meaning given that term in ORS 62.803.

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

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

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

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

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

(d) The operations of the corporation may be supervised by the department and that the corporation shall enter into such agreements with the department as the department may require to regulate the planning, development and management of any housing project undertaken by the corporation and the disposition of the property and other interests of the corporation.

[(14) “Person of lower income” or “family of lower income” means:]

[(a) A person or family residing in this state whose income is not more than 80 percent of area median income, adjusted for family size, as determined by the Oregon Housing Stability Council based upon information from the United States Department of Housing and Urban Development;]
[(b) A person or family residing in this state whose income, adjusted for family size, is below the level the Housing and Community Services Department has determined to be necessary in order to obtain in the open market decent, safe and sanitary housing, including the cost of utilities and taxes, for not more than 25 percent of the gross income of the person or family; or]

[(c) Any person or family the department determines is appropriate to treat as a person of lower income or a family of lower income incidental to the accomplishment of department programs for persons and families of lower income described in paragraphs (a) and (b) of this subsection.]

[(15)] (14) “Project cost” or “costs of the project” means the sum of all reasonable expenses incurred by a qualified housing sponsor in undertaking and completing a housing project approved by the department. “Project costs” or “costs of the project” include but are not limited to the expenses incurred by a qualified housing sponsor for:

(a) Studies and surveys;
(b) Plans, specifications, architectural and engineering services;
(c) Legal, organizational and other special services;
(d) Financing, acquisition, demolition, construction, equipment and site development of new and rehabilitated housing units;
(e) Movement of existing buildings to new sites; the cost of acquisition, or estimated fair market value, of land and other interests in real estate;
(f) Rehabilitation, reconstruction, repair or remodeling of existing buildings;
(g) Estimated carrying charges during construction and for a reasonable period thereafter;
(h) Placement of tenants or occupants and relocation services in connection with the housing project;
(i) Reasonable builder’s or sponsor’s profit and risk allowance; and
(j) Development costs not otherwise included in this subsection.

[(16)] (15) “Qualified housing sponsor” means, subject to the approval of the department under ORS 456.620 (2):

(a) A consumer housing cooperative;
(b) A limited dividend housing sponsor;
(c) A nonprofit housing corporation;
(d) A for-profit housing sponsor;
(e) A housing authority;
(f) An urban renewal agency created by ORS 457.035; and
(g) Any city or county governing body or agency or department designated by the governing body.

[(17)] (16) “Residential housing” means a specific work or improvement within this state undertaken primarily to provide dwelling accommodations, including land development and acquisition, construction or rehabilitation of buildings and improvements thereto, for residential housing, and such other nonhousing facilities as may be incidental or appurtenant thereto and as the department determines improve the quality of the development as it relates to affordable or workforce housing [for persons or families of lower income and] or to the financial feasibility of the development. “Residential housing” includes, but is not limited to, a specific work or improvement within this state undertaken to provide mobile home or manufactured dwelling parks as defined in ORS 446.003. As used in this subsection, “land development” includes, but is not limited to, the improvement of streets and alleys and the construction of surface drains, sewers, curbing and sidewalks.

[(18)] (17) “Residential loan” means any of the following:
(a) A loan that is for the acquisition, construction, improvement or rehabilitation of residential
housing and, if the loan is for acquisition or construction of residential housing, that is secured by
a first lien on real property located in the state and:

(A) Improved by a newly constructed, existing or rehabilitated residential structure for [persons
or families of lower income] affordable or workforce housing; or

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

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

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

[(19) (18)] “Revolving account” means the Housing and Community Services Department Re-
volving Account created in ORS 456.574.

SECTION 23. ORS 456.550 is amended to read:

456.550. (1) There exists in this state a seriously inadequate supply of and a pressing need for
[safe and sanitary dwelling accommodations within the financial means of persons and families of
lower income, including but not limited to persons and families displaced by the clearing of slums and
blighted areas or by other public programs] affordable and workforce housing;

(2) Private lending institutions have been and will continue to be unable to provide necessary
financial support for [lower income] affordable and workforce housing and the resulting shortage
of financing has been in whole or in part responsible for the shortage of [lower income] affordable
and workforce housing;

(3) It is a valid public purpose to provide for the construction, rehabilitation, purchase, leasing
and refinancing of housing for such persons and families who would otherwise be unable to obtain
adequate dwelling accommodations which they could afford and to aid in the acquisition of land for
present or future developments including such housing accommodations;

(4) It is further found that the authority and powers conferred by ORS 456.548 to 456.725 and
ORS chapter 458 upon the Housing and Community Services Department and the Director of the
Housing and Community Services Department constitute a necessary public program and serve a
valid public purpose;

(5) To stimulate and increase the supply of affordable and workforce housing [for persons and
families of lower income] it is necessary that a central source of housing information, planning, ed-
ucational services and technical assistance and a revolving fund be established. The Housing and
Community Services Department shall be that central source in this state;

(6) It is the policy of this state to increase the amount of and improve the condition of [low and
moderate income] affordable and workforce housing by investing in developing local capacity to
build, rehabilitate and manage housing. A primary vehicle for building such capacity is the forma-
tion and expansion of community development corporations; and

(7) In that the farmworkers in this state benefit the social and economic welfare of all of the
people in Oregon by their unceasing efforts to bring a bountiful crop to market, the Legislative
Assembly declares that it is the policy of this state to ensure adequate accommodations
commensurate with the housing needs of Oregon’s farm workers that meet decent health, safety and
welfare standards. To accomplish this objective in the interest of all of the people in this state, it
is necessary that:

(a) Every state and local government agency that has powers, functions or duties with respect to housing, land use or enforcing health, safety or welfare standards, under this or any other law, shall exercise its powers, functions or duties consistently with state policy and in a manner that will facilitate sustained progress in attaining the objectives established;

(b) Every state and local government agency with jurisdiction over farmworker activities must make every effort to alleviate insanitary, unsafe and overcrowded accommodations;

(c) Special efforts should be directed toward mitigating hazards to families and children; and

(d) Accommodations must be designed to provide for the rights of free association to seasonal farmworkers.

SECTION 24. ORS 456.559 is amended to read:

456.559. (1) The Housing and Community Services Department shall:

(a) Maintain current housing data and information concerning available programs, status of funding, programs planned or undertaken which might conflict with, overlap, duplicate or supersede other planned or existing programs and call these to the attention of appropriate state agencies, governmental bodies and public or private housing sponsors.

(b) Maintain current data from local, state and federal sources concerning publicly supported housing as that term is defined in ORS 456.250, the status of existing affordability restrictions as that term is defined in ORS 456.250 and rental assistance contracts at publicly supported housing.

(c) Provide to appropriate state agencies, governmental bodies and public or private housing sponsors such advisory and educational services as will assist them in the development of housing plans and projects.

(d) Subject to the approval of the Oregon Housing Stability Council, make noninterest bearing advances, in accordance with ORS 456.710 and the policies of the department, to qualified nonprofit sponsors for development costs of housing projects until mortgage funds are released to repay the advances as provided in ORS 456.710.

(e) Advise and assist appropriate state agencies, governmental bodies and public or private housing sponsors, cities and counties, in all programs and activities which are designed or might tend to fulfill the purposes of ORS 456.548 to 456.725 and ORS chapter 458.

(f) Encourage and assist in the planning, development, construction, rehabilitation and conservation of [dwelling units for persons and families of lower income] affordable and workforce housing.

(g) Be the central state department to apply for, receive and distribute, on behalf of appropriate state agencies, governmental bodies and public or private housing sponsors in the state, grants, gifts, contributions, loans, credits or assistance from the federal government or any other source for housing programs except when the donor, grantor, or lender of such funds specifically directs some other agency to administer them. Moneys received under this section shall be deposited with the State Treasurer in an account separate and distinct from the General Fund. Interest earned by the account shall be credited to the account.

(h) For the purposes of acquiring moneys, credits or other assistance from any agency or instrumentality of the United States or from any public corporation chartered by the United States, comply with any applicable agreements or restrictions for the receipt of such assistance and become a member of any such association or public corporation chartered by the United States.

(i) Assist individuals, appropriate state agencies, governmental bodies and public or private housing sponsors through a program which provides housing information, planning, educational
services and technical assistance.

(j) Comply with the requirements of ORS 443.225 in assisting in the development of any housing for residential care, training or treatment for persons with intellectual or developmental disabilities or mental or emotional disturbances.

(2) Except as otherwise provided in ORS 456.255 to 456.265, 456.625 (7) and 458.480 to 458.490, the department may not itself develop, construct, rehabilitate or conserve housing units; and neither the department nor any housing sponsor, including but not limited to any association, corporation, cooperative housing authority or urban renewal agency organized to provide housing and other facilities under ORS 456.548 to 456.725, may own, acquire, construct, purchase, lease, operate or maintain utility facilities, including facilities for the generation of electricity, for the distribution of gas and electricity, and for the conveyance of telephone and telegraph messages.

(3) In accordance with the provisions of this section and with the advice of the council, the department shall establish statewide priorities for housing programs. State agencies shall coordinate their housing programs with the department. All state agencies intending to apply for federal funds for use in planning, developing or managing housing, or rendering assistance to governmental bodies or sponsors or individuals involved therein shall submit a description of the proposed activity to the department for review not less than 30 days prior to the intended date of submission of the application to the federal agency. The department shall determine whether the proposal would result in a program that would overlap, duplicate or conflict with any other housing program in the state. If the department finds overlapping or duplication or conflict, it shall recommend modifications in the application. The Oregon Department of Administrative Services shall consider these recommendations in making its decision to approve or disapprove the application. The department shall complete its review and forward its recommendations within 15 working days after receipt of the notification. Failure of the department to complete the review within that time shall constitute approval of the application by the department.

(4) The Director of the Housing and Community Services Department may participate in discussions and deliberations of the council. The director may suggest policies and rules to the council, including those necessary to stimulate and increase the supply of affordable and workforce housing for persons and families of lower income.

SECTION 25. ORS 456.571 is amended to read:

456.571. (1) The Oregon Housing Stability Council shall, with the advice of the Director of the Housing and Community Services Department, develop policies to:

(a) Aid in stimulating and increasing the supply of affordable and workforce housing for persons and families of lower income;

(b) Address geographic and racial disparities; and

(c) Ensure funds distributed by the Housing and Community Services Department contribute to addressing other state priorities.

(2) The council shall make special effort to respond to both private and public actions that may raise the cost of the housing supply in the open market, as the open market is the source of housing for the preponderance of lower income households.

(3) The council is responsible for studying and commenting upon, and advising the department, Governor, Legislative Assembly, other state agencies and local governments concerning, local, state and federal legislation or rules that affect the cost and supply of affordable and workforce housing, both before and after the legislation and rules are enacted. For purposes of this subsection, “legislation or rules that affect the cost and supply of affordable and workforce housing” includes but
is not limited to legislation or rules that would:

(a) Provide financing for the construction or rehabilitation of housing;
(b) Subsidize new or existing housing costs for [lower income households by] **affordable and workforce housing through** income support, tax credit, or support service methods;
(c) Regulate the division of land;
(d) Regulate the use of land;
(e) Regulate building construction standards;
(f) Regulate fees and charges for inspection services, permits, or professional services related to housing;
(g) Encourage alternatives that increase housing choices;
(h) Create or avert overlapping jurisdictional functions and the concomitant increased costs that are reflected in housing prices;
(i) Create or avoid conflicting state and federal regulations that deprive [lower income] households of assistance; and
(j) Help or hinder compliance with the housing goals established by the Land Conservation and Development Commission under ORS 197.240.

(4) The council, with the approval of the Governor, may initiate legal proceedings in the name of the council to further the council’s purposes under this section.

(5) The council shall exercise the responsibilities and powers of the council in a manner that expedites the acquisition, construction, improvement or rehabilitation of housing.

(6) With respect to the Community Development Incentive Project Fund established under ORS 458.720, the council shall develop program guidelines, including specific project criteria and financing mechanisms, review applications seeking funding from the fund and make recommendations for funding approval to the director and review proposals for cooperative agreements or joint projects between the department and other state agencies to facilitate the goals of the fund.

(7) The council, in conjunction with the Community Action Partnership of Oregon, shall advise and assist the department with rules, policies and programs regarding low income home energy assistance under ORS 458.515.

(8) The council, in conjunction with the Community Action Partnership of Oregon, shall ensure the coordination of state agency homelessness relief efforts.

**SECTION 26.** ORS 456.572 is amended to read:

456.572. (1) The Housing and Community Services Department shall develop a comprehensive state plan for responding to the needs of **very low income, low income and moderate income** Oregonians for housing and services, with the goal of providing affordable and **workforce** housing. The department shall ensure that the development, annual updating and implementation of the state housing plan involve substantial interagency coordination among appropriate federal, state and local entities. The department shall provide the Oregon Housing Stability Council with adequate opportunity to review and provide input on the state housing plan to the department prior to the development, annual updating and implementation of the state housing plan.

(2) The state housing plan shall contain, at a minimum:

(a) Information on market and inventory conditions including, but not limited to, population trends, household composition, housing conditions and an inventory of assisted housing and public housing;

(b) A needs assessment that summarizes data on the housing needs of homeless and income-eligible families and includes a five-year projection;
(c) Strategies for a five-year period based upon a review of need and conditions including, but not limited to, investment priorities, local and state policies, local institutional structure and local activities for public housing resident management and ownership;

(d) A review of resources including, but not limited to, private, federal and nonfederal resources, tax credits and a summary table of anticipated funding from each federal program and any state or local resources available to meet matching requirements;

(e) A plan for coordination of resources reviewed under paragraph (d) of this subsection; and

(f) An implementation program translating the five-year strategy and resource review into plans and goals for the number of families to be assisted each year, specifying plans for homeless assistance and setting forth details on monitoring, fair housing and relocation.

(3) Before issuing the state housing plan, and before each annual update of that plan, the Housing and Community Services Department shall hold at least one public hearing to receive comments from public and private interests.

SECTION 27. Section 9, chapter 671, Oregon Laws 2019, as amended by section 16, chapter 678, Oregon Laws 2021, is amended to read:

Sec. 9. (1) The Housing Acquisition Fund is established in the State Treasury, separate and distinct from the General Fund. Interest earned by the Housing Acquisition Fund must be credited to the fund. The Housing Acquisition Fund consists of moneys appropriated, allocated, deposited or transferred to the fund by the Legislative Assembly or otherwise and interest earned on moneys in the fund.

(2) Moneys in the fund are continuously appropriated to the Housing and Community Services Department to provide funding for loans to purchasers of land for affordable and workforce housing and naturally occurring affordable and workforce housing.

SECTION 28. ORS 456.612 is amended to read:

456.612. The Legislative Assembly finds and declares that the primary purpose of financing by the Housing and Community Services Department is to provide affordable and workforce housing [for persons and families of lower income].

SECTION 29. ORS 456.625 is amended to read:

456.625. The Housing and Community Services Department may:

(1) Undertake and carry out studies and analyses of housing needs within the state and ways of meeting such needs and make the results of such studies and analyses available to the public, qualified housing sponsors and the private housing sector.

(2) Prepare proposals on measures it considers necessary to address administration, housing programs or community services programs.

(3) With the approval of the Oregon Housing Stability Council, assess fees, charges or interest in connection with housing programs.

(4) Encourage community organizations to assist in initiating affordable and workforce housing projects [for persons and families of lower income].

(5) Encourage the salvage of usable housing scheduled for demolition or dislocation because of highway, school, urban renewal or other public projects by seeking authority for the public agencies involved in such programs to use the funds provided for the demolition or relocation of such buildings to enable qualified housing sponsors to relocate and rehabilitate such buildings for [use by persons and families of lower income] affordable and workforce housing.

(6) Encourage research and demonstration projects to develop techniques and methods for increasing the supply of [adequate, decent, safe and sanitary housing for persons and families of lower income].
income affordable and workforce housing.

(7) Make or participate in the making of residential loans to qualified individuals or housing sponsors to provide for the acquisition, construction, improvement, rehabilitation or permanent financing of residential housing or housing development; undertake commitments to make residential loans; purchase and sell residential loans at public or private sale; modify or alter such mortgages or loans; foreclose on any such mortgage or security interest or commence any action to protect or enforce any right conferred upon the department by any law, mortgage, security, agreement, contract or other agreement and to bid for and purchase property that is subject to such mortgage or security interest at any foreclosure or other sale; acquire or take possession of any such property and complete, administer, conserve, improve and otherwise use the property to accomplish the department's purposes, pay the principal and interest on any obligations incurred in connection with such property and dispose of such property in such manner as the department determines necessary to protect its interests under ORS 456.515 to 456.725 and ORS chapter 458.

(8) Unless specifically exempted by the State Treasurer, deposit with the State Treasurer any funds held in reserve or sinking funds under ORS 456.515 to 456.725 and ORS chapter 458 and any other moneys not required for immediate use or disbursement by the department, subject to the provisions of any agreement with holders of bonds entered into prior to October 15, 1983.

(9) Advise and assist in the creation of any nonprofit housing corporation, consumer housing cooperative or limited dividend housing sponsor and give approval of the articles of incorporation and bylaws of any such organization in carrying out ORS 456.515 to 456.725.

(10) Cooperate with and exchange services, personnel and information with any federal, state or local governmental agency.

(11) With the approval of the State Treasurer, contract for the services of and consultation with trustees, investment and financial advisors, paying agents, remarketing agents and other professional persons or organizations in carrying out ORS 456.515 to 456.725 and ORS chapter 458.

(12) Contract for, act on or perform any other duties that the department considers necessary or appropriate to carry out housing programs and community services programs, including but not limited to contracting to provide compliance monitoring or other administrative functions with respect to housing developments and affordable or workforce housing, whether or not the housing developments or affordable or workforce housing receives department funding and whether or not the housing developments or affordable or workforce housing is located within this state. [For purposes of this subsection, "affordable housing" has the meaning given that term in ORS 456.055.]

(13) Purchase, service, sell and make commitments to purchase, service and sell residential loans to the extent permitted by ORS 456.635 and 456.640 (1) to (3).

(14) Initiate or assist appropriate state agencies, governmental bodies and public or private housing sponsors in the development, construction, acquisition, ownership, leasing, rehabilitation or management of housing to carry out the purposes of ORS 456.515 to 456.725 and ORS chapter 458 where such housing is not otherwise affordable or available in the area.

(15) Execute and record written instruments that contain terms, including but not limited to restrictive covenants or equitable servitudes, pertaining to the use and enjoyment of housing projects. Notwithstanding any other provision of law, the executed instruments shall constitute and create restrictive covenants affecting and running with the property according to the terms of the instruments when recorded in the records of the county where the property is located. County clerks shall accept the instruments for recording when presented by or on behalf of the department.

(16) Subject to the provisions of any agreement then existing with bondholders, make available
funds by contract, grant, loan or otherwise, including loan guarantees, insurance or other financial leveraging techniques, from moneys made available by the department to carry out the purposes of ORS 456.515 to 456.725, if such moneys are not needed for the operations of the department or otherwise determined by the Director of the Housing and Community Services Department to be a necessary or prudent reserve.

(17) With the approval of the Oregon Housing Stability Council, award grants to private or public entities to support or develop programs that build on successful strategies that help individuals obtain and retain **affordable or workforce** housing, including through:

(a) Tenant education services [for low-income tenants], including Rent Guarantee Program training under ORS 456.608 (3);

(b) Fair housing training for tenants and landlords;

(c) Technological innovations that help [low-income] individuals find and access available rental housing; and

(d) Other education, services or resources for [low-income] landlords, tenants and prospective tenants [and for landlords who serve low-income tenants].

**SECTION 30.** ORS 456.635 is amended to read:

456.635. (1) In order to provide additional permanent financing for **affordable and workforce** housing [for persons and families of lower income] and for manufactured dwelling park tenant purchases of lots described in ORS 92.840, the Housing and Community Services Department may make commitments to purchase and purchase, insure, service and sell residential loans held by lending institutions for [persons and families of lower income] **individuals in affordable or workforce housing** in this state and for manufactured dwelling park tenant purchases of lots described in ORS 92.840. The department may purchase from lending institutions securities backed by residential loans.

(2) Any commitment made by the department subject to subsection (1) of this section shall be based upon an agreement with the lending institution that the proceeds received by the lending institution from the sale of such loans to the department shall be used by the lending institution only for the financing of [residential housing for persons and families of lower income] **affordable or workforce housing** in this state, including the financing of newly originated residential loans, or for the financing of loans for the purchase of lots described in ORS 92.840 by manufactured dwelling park tenants, provided the loans are made after the date of the department's commitment.

**SECTION 31.** ORS 456.690 is amended to read:

456.690. (1) Upon a finding made by the Oregon Housing Stability Council that the supply of funds available through lending institutions for the financing of residential loans for the acquisition, construction, improvement or rehabilitation of housing units, manufactured dwellings, manufactured dwelling parks, manufactured dwelling park nonprofit cooperatives or housing projects [for persons and families whose income does not exceed maximum household income limits established by the Housing and Community Services Department under ORS 456.620 (4)] is inadequate, the department may make loans to lending institutions in this state for the purpose of providing funds to such institutions for the financing of residential housing units, manufactured dwellings, manufactured dwelling parks, manufactured dwelling park nonprofit cooperatives or housing projects[, for persons and families whose income does not exceed maximum household income limits established by the department under ORS 456.620 (4)].

(2)(a) The department, subject to existing agreements with bondholders, may make privately or federally insured or guaranteed loans for the rehabilitation or improvement of existing single-family
affordable and workforce housing. manufactured dwellings [for persons and families of lower income] or manufactured dwelling parks and manufactured dwelling park nonprofit cooperatives [that the department determines have a significant percentage of residents who are persons of lower income], if the department finds that:

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

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

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

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

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

(b) Standards and requirements for the allocation of loan moneys available among eligible borrowers and the determination of the terms, conditions and interest rates for such loans.

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

(d) Restrictions, if any, on the interest rates to be charged by lending institutions on loans made from such loan proceeds and the return to be realized by the lending institution therefrom.

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

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

(4) The department shall administer the loan program for rehabilitation or improvement of existing single-family [homes for persons and families of lower income] affordable and workforce housing in accordance with the following requirements and loan criteria:

[(a) Eligibility for a loan shall be based on current department income limitations.]

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

[(c) (a) The single-family [home] housing for which a loan is made must be owner-occupied.

[(d)] (b) The maximum principal amount of a single loan is $15,000.

[(e)] (c) An eligible borrower [shall] may have only one loan outstanding under this program at any one time.

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

[(g)] (e) Loans shall be made in accordance with a distribution of population between urban and rural areas that takes the availability of alternative resources into account.

[(h)] (f) The department shall work with qualified housing sponsors whenever it is appropriate to do so.

(5) All loans made and all rules adopted under this section [shall] must be designed by the department, with the approval of the council, to expand the supply of funds available in this state for the financing of residential housing units, manufactured dwellings, manufactured dwelling parks, manufactured dwelling park nonprofit cooperatives and housing projects, [for persons and families
whose income does not exceed maximum household income limits established by the department under
ORS 456.620 (4),] to provide an adequate supply of safe and sanitary units of such housing, and to
promote the effective participation of conventional lending institutions in the financing of such
housing and restrict the financial return and benefit to such lenders to that which is necessary and
reasonable to induce their participation under this section.
(6) In making loans under this section, the department, with the approval of the council, may
preserve such terms, conditions, maturity dates and interest rate provisions as it considers neces-
sary.

SECTION 32. ORS 456.715 is amended to read:
456.715. (1) The Housing and Community Services Department may insure residential, manufac-
tured dwelling, manufactured dwelling park and manufactured dwelling park nonprofit cooperative
loans or obtain reinsurance on such loans. All such loans shall be used only to provide [residential
housing for persons and families of lower income] affordable or workforce housing and the insured
must agree to any restrictions placed upon [such residential] the housing by the department. The
department may establish dedicated accounts within the Housing Finance Fund to provide reserves
against losses in connection with that insurance.
(2) All applications for residential loan insurance under subsection (1) of this section shall be
made on such forms and accompanied by such application fee as the department may prescribe.
(3) The department shall notify the applicant of its determinations and the approval or denial
of the application.
(4) Notwithstanding subsection (1) of this section, the department may insure loans for manu-
factured dwelling units, manufactured dwelling parks and manufactured dwelling park nonprofit co-
operatives [if the department determines that the unit, park or cooperative has a significant percentage
of residents who are persons of lower income].

SECTION 33. ORS 456.722 is amended to read:
456.722. (1)(a) The Housing and Community Services Department shall, when awarding public
funds for [low-income] rental affordable and workforce housing, give a substantial preference to
[low-income] affordable or workforce housing providers that do not require applicants for such
housing to have net income greater than two times the rent.
(b) As used in this section, “public funds” includes all [low-income] rental housing grants, loans
or tax credits administered or awarded by the department, whether state, federal or otherwise, but
does not include funds derived from the sale of bonds by the department.
(c) Enforcement of the preference following an award of funds shall be by complaint to the de-
partment.
(2) The department shall adopt any rules necessary to implement this section.

SECTION 34. ORS 458.305 is amended to read:
458.305. The Legislative Assembly finds that:
(1) A critical shortage exists of suitable[, affordable housing for households with an income below
the median income] affordable and workforce housing. This shortage is particularly acute with
respect to rental housing.
(2) During the past half decade, the supply of rental affordable and workforce housing [that is
affordable to households at or below the median income level] has not kept pace with the demand.
(3) The lack of suitable[, affordable] affordable and workforce housing is a barrier to Oregon’s
development.
(4) It is in the economic and social interest of the state to encourage public agencies and private
parties to efficiently expand the supply of affordable and workforce housing in Oregon [for households at or below the median income level].

(5) The quantity of public resources available to support the expansion and rehabilitation of [low and moderate income] affordable and workforce housing stock is limited. Consequently, it is the policy of this state to attempt to target the use of these resources so that a maximum amount of usable housing product is delivered to Oregon citizens at the minimum cost required for prudent program administration.

SECTION 35. ORS 458.310 is amended to read:

458.310. (1) The Oregon Housing Stability Council shall adopt rules to develop and administer a housing revitalization program for [low and moderate income] affordable and workforce housing.

(2) Applicants for revitalization program funds shall be:

(a) A unit of local government;
(b) A housing authority;
(c) A nonprofit corporation; or
(d) An applicant eligible under paragraph (a), (b) or (c) of this subsection who contracts with another entity, including a private for-profit corporation.

(3) Housing revitalization projects shall bring into use vacant and abandoned property or rehabilitate substandard property, or both. Eligible project activities include, but are not limited to:

(a) Purchase of property;
(b) Rehabilitation of housing units;
(c) New construction to replace units for which rehabilitation is infeasible;
(d) Mortgage interest subsidies or reduction of principal loan amounts; or
(e) Other activities that have the effect of making [properties available to and occupied by persons of lower income] affordable and workforce housing available, such as loan guarantees.

(4) Projects funded by the housing revitalization program shall be rental or owner-occupied single or multifamily housing.

[[5] The housing rehabilitation program shall create affordable housing in which rent levels are no higher than 30 percent of 80 percent of median income levels.]

[[6] (5) Priority shall be given to projects applied for under [subsections (1) to (5) of] this section that provide opportunities for [low and moderate income persons] individuals to own their housing units.

[[7] (6) Priority among rental housing projects shall be given to projects applied for under [subsections (1) to (5) of] this section that:

[a] Have rent levels no higher than 30 percent of 50 percent of the median income level, or less;
[b] (a) Are owned and operated by a nonprofit or a governmental unit; and
[c] (b) Demonstrate a coordinated local effort to integrate housing, job placement and social services.

[[8] (7) In implementing this section and ORS 458.305, the council shall work to ensure a reasonable geographic distribution of funds among different regions of the state and shall place special emphasis on ensuring that funds are available to projects in rural areas.

SECTION 36. ORS 458.375 is amended to read:

458.375. (1) The Housing and Community Services Department shall provide funds to assist [very low income] elderly persons to defray the cost of rental housing through programs administered by the department including, but not limited to, the Emergency Housing Account created in ORS 458.620 and disbursed pursuant to ORS 458.650.

[24]
(2) The department shall adopt rules to carry out the provisions of this section.

(3) For purposes of this section:[.]

[(a)] “elderly person” means a person 58 years of age or older.

[(b) “Very low income” has the meaning given that term in ORS 458.610.]

SECTION 37. ORS 458.405 is amended to read:

458.405. The Legislative Assembly finds that:

(1) Safe[, affordable] and readily available affordable and workforce housing options [for low-income individuals and families] do not match the increasing need for such housing in this state.

(2) Much state-owned property is unused and could be made available to increase [housing options for low-income individuals and families] affordable and workforce housing.

(3) Unused property kept for long periods of time generally decreases in value.

(4) A method to dispose of or transfer such property and have it utilized for a public purpose is in the interests of the people of this state.

(5) It will further the public interest to put unused state-owned real property at the disposal of nonprofit housing providers and housing authorities to address the affordable and workforce housing needs [of low-income individuals and families] in this state.

SECTION 38. ORS 458.420 is amended to read:

458.420. Whenever the state or any state agency possesses or controls real property that might be used to further the public use of providing affordable or workforce housing [options for low-income individuals and families] that is unused for any other public purpose and in which no long-term policy exists to use it for another public purpose, then the state or its agency may sell, convey or lease for a period not to exceed 99 years, all or any part of its interest in the property to a nonprofit organization involved with providing low-income affordable or workforce housing options or to a housing authority. The consideration for the transfer may be cash or real property, or both.

SECTION 39. ORS 458.425 is amended to read:

458.425. Real property needed for a public use other than [low-income housing shall] affordable and workforce housing may not be sold, exchanged, leased or conveyed under the authority of ORS 458.405 to 458.460.

SECTION 40. ORS 458.445 is amended to read:

458.445. The state is hereby granted express power to relinquish the title to any of its property not needed for another public purpose to the United States Government or any other governmental body, political subdivision, housing authority or nonprofit organization involved with providing [low-income] affordable or workforce housing, in order to promote the public purpose of increasing housing options [for low-income individuals and families in this state].

SECTION 41. ORS 458.450 is amended to read:

458.450. Before the transfer of any state-owned real property under the provisions of ORS 458.405 to 458.460 to a housing authority or a nonprofit organization involved with providing [low-income] affordable or workforce housing [to individuals and families in this state], the state or its agency, board or commission shall obtain approval of the governing body in which such property is located.

SECTION 42. ORS 458.480 to 458.490 are added to and made a part of ORS chapter 458.

SECTION 43. ORS 458.480 is amended to read:

458.480. As used in ORS 458.480 to 458.490:

[(1) “Affordable housing” means residential housing that may be purchased or rented, with or
without government assistance, by persons who meet the applicable income limits of local, state or federally funded programs or developments.]

(2) “Area median income” means the median income for the county in which the subject housing is located, adjusted for family size, as determined by the Housing and Community Services Department using United States Department of Housing and Urban Development information.

(3) (1) “Development costs” has the meaning given that term in ORS 456.548.

(4) “Low income households” means:

(a) For affordable housing that may be rented, households of one or more individuals whose combined incomes are at or below 60 percent of the area median income; or

(b) For affordable housing that may be purchased, households of one or more individuals whose combined incomes are at or below 80 percent of the area median income.

(5) (2) “Operate” means to have sufficient direct or indirect control of qualified property that reasonably enables the Housing and Community Services Department, in its determination, to ensure the qualified property’s use for the purpose of providing [affordable] housing under the Local Innovation and Fast Track Housing Program established in ORS 458.485.

(6) (3) “Own” means to possess one or more interests as described in ORS 458.485 (3) in a qualified property that reasonably enables the Housing and Community Services Department, in its determination, to ensure the qualified property’s use for the purpose of providing [affordable] housing under the Local Innovation and Fast Track Housing Program established in ORS 458.485.

(7) (4) “Qualified property” means real or personal property, including infrastructure and indebtedness related to the real or personal property.

SECTION 44. ORS 458.485 is amended to read:

458.485. (1) The Housing and Community Services Department shall, with the advice and consent of the Oregon Housing Stability Council, develop and implement the Local Innovation and Fast Track Housing Program for the purpose of expanding the state’s supply of affordable and workforce housing [for low income households].

(2) The department may use funds available pursuant to Article XI-Q of the Oregon Constitution and deposited in the Local Innovation and Fast Track Housing Program Fund established under ORS 458.490 to:

(a) Acquire, construct, remodel, repair, equip or furnish qualified property that is or will be owned or operated by the State of Oregon for the purpose of providing affordable and workforce housing [in this state for low income households]; and

(b) Pay development costs to develop qualified property that may be considered part of the cost of a capital asset under generally accepted accounting principles.

(3) Interests in real property acquired by the State of Oregon or the department under this section are limited to the following:

(a) A fee simple interest in land or improvements;

(b) A leased fee interest, meaning an ownership interest with the rights of use and occupancy conveyed by lease to others;

(c) A tenancy in common for which the state’s or department’s interest in the property is proportionate to the contribution of the state or department to the property’s purchase price;

(d) A fee simple interest in a condominium; or

(e) An easement, right of way, license or similar interest functionally related to and necessary for the use of qualified property acquired by the state or department.

(4) In funding the acquisition, construction, remodeling, repairing, equipping or furnishing of
qualified property under the program, the department, with the advice and consent of the council, may:

(a) Adopt criteria that:

(A) Provide the greatest number of [affordable] housing units for the amount of funding provided;

(B) Ensure the longest possible use of the qualified property as affordable or workforce housing units;

(C) Optimize the function and duration of the affordable or workforce housing project; and

(D) Take into account the means to reduce the cost of the affordable or workforce housing project while considering factors such as the quality of construction, durability, location and local design requirements;

(b) Create restrictive covenants and other encumbrances or lien interests, create entities, cooperate or participate with persons or entities and contract with persons and entities; and

(c) Operate qualified property.

(5) Moneys made available through the program must be distributed or used statewide and concentrated in areas of this state with the greatest need for affordable or workforce housing, as determined by the department with the advice and consent of the council.

(6) For purposes of implementing the program, the council shall develop strategies to:

(a) Reach historically underserved communities, including communities of color and rural communities;

(b) Reduce the cost of acquiring, constructing, remodeling, repairing, equipping or furnishing qualified property that is owned or operated by the state for the purpose of providing affordable or workforce housing; and

(c) Involve Department of Human Services child welfare and self-sufficiency programs.

(7) The Director of the Housing and Community Services Department shall report regularly to the council regarding the status and progress of the program and of the Housing and Community Services Department’s responsibilities for implementing and administering the program.

(8) The department, with the advice and consent of the council, shall adopt rules to implement the provisions of this section, including but not limited to prescribing requirements for acquiring, constructing, remodeling, repairing, equipping or furnishing qualified property that is owned or operated by the state for the purpose of providing affordable or workforce housing under the program.

SECTION 45. ORS 458.605 is amended to read:

458.605. The Legislative Assembly finds that:

(1) The number of people who are homeless is on the rise in this state, as across the nation.

(2) Homeless people can be found in every county and city in this state.

(3) Family members, including children, represent the majority of the increase in the homeless population.

(4) Facilitating housing for families with children reduces the need for other state services such as foster care and child abuse treatment.

(5) Facilitating shelter so that homeless people do not have to live outdoors or in cars reduces weather-related illness, thereby reducing health care costs and services required for this population.

(6) Developing affordable or workforce housing in Oregon is necessary to maintain the quality of life, create jobs and to further economic development.

SECTION 46. ORS 458.610 is amended to read:

458.610. For purposes of ORS 458.600 to 458.665:

[(1) “Area median income” means the area median income, subject to adjustment for areas with
(1) “Council” means the Oregon Housing Stability Council established in ORS 456.567.

(2) “Department” means the Housing and Community Services Department established in ORS 456.555.

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

(5) “Moderate income” means income that is more than 80 percent and not more than 120 percent of the area median income.

(6) “Organization” means a:
(a) Nonprofit corporation established under ORS chapter 65;
(b) Housing authority established under ORS 456.055 to 456.235;
(c) Local government as defined in ORS 197.015; or
(d) Federally recognized Indian tribe that owns land in this state.

(7) “Persons of color” has the meaning given that term by rule by the department.

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

(10) “Veteran” has the meaning given that term by the department by rule.

SECTION 47. ORS 458.625 is amended to read:
458.625. (1) There is established the Housing Development Grant Program in the Housing and Community Services Department for the purpose of expanding the supply of affordable and workforce rental housing [for persons with low or very low income].

(2) The program shall pay the costs incurred in the administration of the program and award grants:
(a) To assist organizations and for-profit business entities in constructing new housing, or in acquiring or rehabilitating existing structures, for affordable or workforce housing [for persons with low or very low income].
(b) To provide nonprofit organizations, as set forth in ORS 458.210 to 458.240, with technical assistance or predevelopment costs. Predevelopment costs include site acquisition, architectural services and project consultants.
(c) To develop nonprofit organizations that show sufficient evidence of having strong community support and a strong likelihood of producing affordable or workforce housing [for persons with low or very low income]. Grants may not be used by an organization for its general operations.
(d) To match public and private moneys available from other sources for production of affordable or workforce housing [for persons with low or very low income].

(3) The department shall give preference in making grants from the program to those entities that the department determines will:
(a) Construct, acquire or rehabilitate the greatest number per dollar granted of housing units [for persons with low or very low income] by acquiring matching funds or other grant, loan or eligible in-kind contributions;
(b) Ensure the longest use for the units as affordable or workforce housing [for persons with low or very low income]; or
(c) Offer the occupants of the proposed housing services relevant to identified needs, including services that address home health care, mental health care, alcohol and drug treatment and post-
(4) The Oregon Housing Stability Council may adopt policies obligating the department to dis-
tribute grants statewide while concentrating grants from the program in those areas of this state
with the greatest need, as determined by the council, for affordable or workforce housing [for
persons with low or very low income].

SECTION 48. ORS 458.630 is amended to read:

458.630. (1) The Housing and Community Services Department may use the Housing Develop-
ment and Guarantee Account to establish a Guarantee Fund. The department may use the fund to
pay the costs and expenses incurred in the administration of the fund and to guarantee repayment
of loans made to finance the construction, development, acquisition or rehabilitation of:

(a) Affordable or workforce housing for rental or ownership [by persons with very low, low or
moderate income]; or

(b) The commercial component of a structure that contains both commercial property and af-
fordable or workforce housing [for persons with very low, low or moderate income].

(2) The department shall specify by rule the grounds on which it may deny loan guarantees for
a structure described under subsection (1)(b) of this section, including the grounds that the structure
contains a commercial component that is excessive in scope or that is of a type incompatible with
residential housing.

(3) The Oregon Housing Stability Council shall review and approve policies for underwriting
loans guaranteed by the Guarantee Fund to ensure that the loans meet prudent underwriting stan-
dards.

(4) A guarantee may not be prepared or construed in such a manner as to violate the provisions
of Article XI, section 7, of the Oregon Constitution.

(5) The department may not issue any loan guarantee under this section that:

(a) Guarantees the repayment of more than 50 percent of the original principal balance of any
loan; or

(b) Would cause the aggregate dollar amount of all loan guarantees issued by the department
under this section to exceed two times the total amount then in the Guarantee Fund.

(6) The council may adopt preferences for using the Guarantee Fund to guarantee loans that the
department determines will:

(a) Provide the greatest number of housing units [for persons with very low, low or moderate in-
come] constructed, acquired, developed or rehabilitated for the amount of guarantee allowed;

(b) Ensure the longest possible use for the units as affordable or workforce housing [units for
persons with very low, low or moderate income]; or

(c) Include a program of services for the occupants of the proposed housing including, but not
limited to, programs that address home health care, mental health services, alcohol and drug treat-
ment and post-treatment care, child care or case management, if the housing proposed is multifamily
rental housing.

(7) The council may adopt a policy that gives loan guarantee preference to loans for housing
or structures described in subsection (1) of this section for which the department has provided a
grant, loan, tax credit or other investment.

(8) Subject to approval by the council, each fiscal year the department may make a transfer from
the Housing Development and Guarantee Account to the Affordable and Workforce Housing Land
Acquisition Revolving Loan Program under ORS 456.502 in an amount not to exceed 50 percent of
the difference between the balance of the Guarantee Fund and one-half of the aggregate amount of
all outstanding loans guaranteed by the Guarantee Fund.

SECTION 49. ORS 458.655 is amended to read:

458.655. (1) The Home Ownership Assistance Account is administered by the Housing and Community Services Department to expand this state's supply of [homeownership housing for families and individuals with income at or below area median income,] owner-occupied affordable or workforce housing including persons over 65 years of age, persons of color, indigenous persons, members of federally recognized Indian tribes, persons with disabilities, veterans and agricultural workers. An amount equal to 25 percent of moneys deposited in the account pursuant to ORS 294.187 is dedicated for expenditure to expand this state's supply of [homeownership] housing for veterans and families of veterans. The Oregon Housing Stability Council shall have a policy of distributing funds statewide while concentrating funds in those areas of this state with the greatest need, as determined by the council. The council’s policy of distributing funds may differ from the distribution policy for the Housing Development and Guarantee Account.

(2) Funds in the Home Ownership Assistance Account must be used for:

(a) Grants to organizations that provide down payment assistance;

(b) Grants to organizations that both sponsor and manage homeownership programs for [households with income at or below area median income] affordable or workforce housing; or

(c) Grants and technical assistance to organizations that, in working with households with income at or below area median income, assist persons of color in obtaining homeownership of affordable or workforce housing under ORS 458.658.

(3) The council shall develop a policy for disbursing grants or technical assistance under subsection (2) of this section for any or all of the following purposes:

(a) To aid homeownership programs for [households with income at or below area median income] affordable or workforce housing, including program administration, providing assistance with down payment costs, or providing homeownership training and qualification services or any combination thereof. Funds in the Home Ownership Assistance Account may not be used by an organization to pay for its general operations that do not support homeownership.

(b) To match public and private moneys available from other sources to provide homeownership assistance for [households with income at or below area median income] affordable or workforce housing.

(c) To administer the Home Ownership Assistance Account as provided for in the legislatively approved budget, as that term is defined in ORS 291.002, for the Housing and Community Services Department.

(4) The council, in developing policy under subsection (3) of this section, shall give preference in making grants to those entities that propose to:

(a) Ensure long-term affordability and opportunities for generational wealth building, including through loan forgiveness or shared equity;

(b) Ensure the longest use for the units as [homeownership housing units for households with income at or below area median income] owner-occupied affordable or workforce housing, such as by including some form of equity recapture, land trust or shared equity provisions, as determined by the council;

(c) Include services for occupants and proposed occupants of housing including homeownership training, mortgage qualification service and financial literacy; and

(d) Support a comprehensive strategy to reverse the decreasing rates of homeownership among persons of color, giving priority to activities that support and incorporate best practices or demon-
strate proven success in increasing homeownership for persons of color or receive grants or technical assistance under ORS 458.658.

**SECTION 50.** ORS 458.660 is amended to read:

458.660. (1) Except as provided in subsection (2) of this section, the Housing and Community Services Department shall disburse the moneys credited to the Agricultural Worker Housing Development Account to expand this state’s supply of affordable and workforce housing for [low and very low income] agricultural workers.

(2) The department may expend funds from the account for administration of the account as provided for in the legislatively approved budget, as that term is defined in ORS 291.002, for the department.

**SECTION 51.** ORS 458.665 is amended to read:

458.665. (1) The Housing and Community Services Department shall administer the General Housing Account.

(2) The department shall disburse moneys credited to the account to accomplish the purposes described in ORS 456.515 to 456.725, except that 25 percent of moneys deposited in the account pursuant to ORS 294.187 is dedicated for expenditure to meet the critical housing needs of veterans in this state.

(3) The department may disburse moneys in the account by contract, grant, loan or otherwise as the department determines necessary.

(4) The department may set interest rates on loans made with moneys in the account.

(5) The department shall establish guidelines for the types of loans financed with moneys in the account by rule.

(6) The department may use moneys in the account to pay allowable administrative expenses incurred under ORS 456.515 to 456.725.

(7) The department may, in the director's discretion, return moneys received for deposit in the account to the original source of the moneys.

(8) The department may accept moneys for deposit in the account pursuant to ORS 458.620 (4) and enter into agreements regarding the use of moneys deposited with the original source of the moneys.

(9) The department shall adopt rules that:

(a) Subject to subsection (2) of this section, govern the allocation of moneys deposited in the account to best meet critical housing needs and build organizational capacity of partners throughout this state; and

(b) Consistent with subsection (10) of this section, require equitable distribution of resources over time based on objective measures of need, including the number and percentage of [low and very low income] households with unmet need for affordable and workforce housing in an area.

(10) The Oregon Housing Stability Council shall adopt a policy that provides for distribution by the department of account moneys and account investment revenue statewide while concentrating account moneys and account investment revenue in those areas of this state with the greatest need, as determined by the council, for affordable and workforce housing [for persons with a low or very low income].

**SECTION 52.** ORS 93.269 is amended to read:

93.269. (1) An instrument that conveys, or contracts to convey, a fee simple interest in real property may not cause, or purport to cause, a declaration or covenant to be filed or recorded against the title to the real property if the declaration or covenant requires, or purports to require,
the payment of a fee, commission or other payment to the declarant or to another person specified
in the declaration or covenant, or to the declarant’s or other person’s successors or assigns, upon
a transfer of a fee simple interest in the property.

(2) A declaration or covenant that requires, or purports to require, the payment of a fee, com-
mission or other payment upon the transfer of a fee simple interest in real property to the declarant
or other person specified in the declaration or covenant, or to the declarant’s or other person’s
successors or assigns, upon a transfer of a fee simple interest in the property or that otherwise vi-
olates subsection (1) of this section, is void.

(3) Subsections (1) and (2) of this section do not apply to the following:

(a) An instrument that conveys or contracts to convey a fee simple interest in real property that
provides for a grantee to pay consideration to a grantor for the interest in real property being
transferred, including but not limited to any subsequent additional consideration for the property the
grantee must pay based upon any subsequent appreciation, development or sale of the property.

(b) A requirement in a mortgage loan agreement for paying mortgage principal, interest and fees
upon sale of the property by the mortgagee.

(c) A limited liability company, limited liability partnership, corporation, joint venture or part-
nership agreement in which a member, shareholder, joint venturer or partner contributes real
property to the limited liability company, limited liability partnership, corporation, joint venture or
partnership.

(d) An agreement that provides for a series of related transfers of the fee simple interest in a
real property, if the agreement identifies with specificity the price of the transferred interest, all
consideration given, party names and other essential terms for each transfer of interest that is part
of the series.

(e) An affordable housing covenant, servitude, easement, condition or restriction in a deed,
declaration, land sale contract, loan agreement, promissory note, trust deed, mortgage, security
agreement or other instrument, including but not limited to instruments created as provided under
ORS 456.270 to 456.295 if:

(A) The proceeds of any fee, commission or other payment to a declarant or to another person
specified in the instrument, or to the declarant’s or other person’s successors or assigns, are used
exclusively to benefit the property, or to support activities that directly benefit the residents of the
property, that is subject to the instrument; and

(B) The instrument is executed by:

(i) A public body as defined in ORS 174.109;

(ii) An agency of the United States;

(iii) A public benefit corporation, religious corporation or foreign corporation, all as defined in
ORS 65.001, if the purposes of the corporation include providing affordable or workforce housing
for low income households and moderate income households as those terms are defined in ORS
456.270 as those terms are defined in ORS 456.005;

(iv) A limited liability company, as defined in ORS 63.001, that has a membership composed of
one or more corporations described in sub-subparagraph (iii) of this subparagraph;

(v) A consumer housing cooperative as defined in ORS 456.548;

(vi) A manufactured dwelling park nonprofit cooperative, as defined in ORS 62.803; or

(vii) A federally recognized Indian tribe.

(f) A requirement for the payment of a fee to:

(A) A homeowners association as defined in ORS 94.550;
(B) An association of unit owners as defined in ORS 100.005;
(C) A managing entity of a timeshare plan, as those terms are defined in ORS 94.803;
(D) Any other owners’ association that is governed by recorded covenants, conditions and re-
strictions; or
(E) An agent for an association or managing entity described in subparagraphs (A) to (D) of this
paragraph.
(g) An agreement between a real estate licensee and a grantor or grantee that provides for any
commission payable to the real estate licensee for the transfer of the real property.

SECTION 53. ORS 197.748 is amended to read:

ORS 197.748. (1) Except as provided in this section and notwithstanding any statewide  land use
planning goals or land use regulations, a local government shall unconditionally allow the conver-
sion of the lawful use of a property:
(a) From use as a hotel or motel, to use as an emergency shelter.
(b) From use as a hotel or motel, or a hotel or motel that was converted to an emergency shelter
under paragraph (a) of this subsection, to use as affordable housing.
(2) This section applies only to areas:
(a) Within an urban growth boundary;
(b) Not designated by the local government as specifically for heavy industrial uses;
(c) With adequate transportation access to commercial and medical services; and
(d) Not within an area designated for a statewide land use planning goal relating to natural
disasters or hazards, including flood plains or mapped environmental health hazards, unless the
converted use complies with regulations directly related to the disasters or hazards.
(3) A local government may require a converted use under this section to comply with:
(a) Applicable building codes;
(b) Occupancy limits; or
(c) For uses under subsection (1)(b) of this section, reasonable standards relating to siting or
design, if the standards do not, individually or cumulatively, prohibit the conversion through un-
reasonable costs or delay.
(4) A conversion under this section is not a land use decision as defined in ORS 197.015.
(5) A local government is not required to consider whether the conversion significantly affects
an existing or planned transportation facility for the purposes of implementing a statewide land use
planning goal relating to transportation.
(6) As used in this section:
(a) “Affordable housing” means housing in which all units are affordable to households with in-
comes equal to or less than 60 percent of the area median income as defined in ORS 456.005
and whose affordability is enforceable by an affordable housing covenant, as described in
ORS 456.270 to 456.295, for a duration of no less than 30 years.
(b) “Conversion” includes an alteration to a building that changes the number of units but does
not expand the building footprint.
(c) “Emergency shelter” means a building that provides shelter on a temporary basis for indi-
viduals and families who lack permanent housing.
(d) “Lawful use” includes a nonconforming use as described in ORS 215.130 (6) or any other lo-
cal land use regulation allowing for the continuation of a use that was lawful when first enacted.

SECTION 54. Section 9, chapter 552, Oregon Laws 2021, is amended to read:

Sec. 9. (1) Notwithstanding ORS 197.250 or 197.612 or any statewide land use planning goal, the
Department of Land Conservation and Development shall approve Stevens Road planning amendments provided the department determines, in its discretion, that the Stevens Road planning amendments, with respect to the Stevens Road tract, include:

(a) An inventory of significant historical artifacts, cultural sites and natural resources.
(b) Areas designated for recreational and open space.
(c) Land use regulations for the protection and preservation of significant resources and designated areas identified in paragraphs (a) and (b) of this subsection.
(d) Land use regulations that comply with applicable wildfire planning and development requirements, including requirements in regulations adopted to implement a statewide planning goal relating to natural disasters and hazards.
(e) Areas designated for adequate employment lands that account for the city’s most recent economic opportunity analysis, including consideration of subsequent economic development activities and trends.

(f) Within areas zoned for residential purposes, without counting the lands designated under subsection (2) of this section, land use regulations for housing that:
   (A) Ensure adequate opportunities for the development of all needed housing types, sizes and densities of market-rate housing, including middle housing as defined in ORS 197.758;
   (B) Exceed the proportions of single-family attached and multifamily housing called for in the city’s most recently adopted housing needs analysis under ORS 197.296 (3);
   (C) Exceed a minimum density standard of nine residential units per gross residential acre; and
   (D) On the date the Stevens Road planning amendments are approved, comply with land use regulations adopted by the city, or any minimum applicable rules adopted by the department, to implement ORS 197.758 and the amendments to ORS 197.312 by section 7, chapter 639, Oregon Laws 2019.

(g) Sufficient areas designated for mixed use development to support and integrate viable commercial and residential uses along with transportation options, including walking, bicycling and transit use.

(h) Land use regulations ensuring that:
   (A) Adequate capacity is available, or feasible with development, for water, sewer and storm water services; and
   (B) Adequate consideration is given to the financing, scheduling and development of urban services, as defined in ORS 195.065.

(i) Land use regulations for transportation that:
   (A) Ensure the development of adequate infrastructure to support walking, bicycling, public transit and motor vehicle movement; and
   (B) Give adequate consideration to transportation networks that connect the Stevens Road tract to other areas within the urban growth boundary of the city.

(j) The adequate consideration of the recommendations and comments received under section 8 (3) to (5), chapter 552, Oregon Laws 2021 [of this 2021 Act].

(2) The department may not approve the planning amendments under subsection (1) of this section unless the planning amendments designate at least 20 net acres of land to be:

(a) Restricted so the area may be zoned, planned, sited or developed only for residential housing units at a minimum density of nine residential units per gross acre;

(b) Conveyed to the city at a price per acre established under section 4 (2)(b), chapter 552, Oregon Laws 2021 [of this 2021 Act]; and

[34]
(c) Notwithstanding ORS 91.225 or 197.309, preserved for a period of no less than 50 years as affordable to own or rent as follows:

(A) At least 12 net acres made affordable to:
   (i) Households with incomes of 60 percent or less of the area median income, as defined in ORS 456.270; or
   (ii) If part of an income-averaging program approved by the Housing and Community Services Department, households whose incomes average 60 percent or less of the area median income.

(B) At least six net acres:
   (i) Made affordable to households with incomes of 80 percent or less of the area median income; and
   (ii) Made available, to the extent permitted by law, in a manner that gives a priority to households in which at least one individual is employed by an education provider over other members of the public.

(C) At least two net acres in which at least 80 percent of the units in each contiguous development tract are made affordable to households with 80 percent or less of the area median income, of which at least one net acre is made available, to the extent permitted by law, in a manner that gives a priority to households in which at least one individual is employed by an education provider over other members of the public.

(3) Upon a partition or subdivision of the Stevens Road tract following the approval of the planning amendments under subsection (1) of this section establishing one or more lots or parcels described in subsection (2) of this section, the owner shall transfer those lots or parcels to the city. For a period of 99 years after the purchase of property under this section, if the city resells any lot or parcel, the city may recover only the city’s costs of the purchase and resale of the property.

(4) Neither the city nor the Department of Land Conservation and Development is obligated to adopt any specific findings or evaluate any specific criteria in exercising its discretion with respect to any Stevens Road planning amendments under this section and may receive, solicit or consider information from any source.

(5) As used in this section, “education provider” means a school district as defined in ORS 332.002, an educational program under the Youth Corrections Education Program or Juvenile Detention Education Program as both are defined in ORS 326.695, or an education service district as defined in ORS 334.003.

SECTION 55. ORS 221.729 is amended to read:

221.729. [(1) As used in this section, “low income household” and “moderate income household” have the meanings given those terms in ORS 456.270.]

[(2)] (1) Notwithstanding ORS 221.725, and in lieu of a program established under ORS 221.727, as provided in this section, a city council may sell city-owned real property for the purpose of developing [affordable] rental and owner-occupied affordable and workforce housing [for low income households or moderate income households], as defined in ORS 456.005.

[(3)] (2) Before selling property under this section, the city council must invite persons interested in developing the property for use as affordable or workforce housing [for low income households or moderate income households] to submit proposals for development to the city council.

[(4)] (3) The city council, or an appropriate administrative subdivision of the city, shall review proposals submitted under subsection [(3)] (2) of this section and recommend whether a proposal should be accepted. A proposal may only be accepted by a vote of the city council.

[(5)] (4) Property sold under this section must be subject to an affordable housing covenant as
described in ORS 456.270 to 456.295.

SECTION 56. ORS 307.092 is amended to read:

307.092. (1) As used in this section, “property of a housing authority” includes, but is not limited to:

(a) Property that is held under lease or lease purchase agreement by the housing authority; and
(b) Property of a partnership, nonprofit corporation or limited liability company for which the housing authority is a general partner, limited partner, director, member, manager or general manager, if the property is leased or rented [to persons of lower income] for affordable housing, as defined in ORS 456.005 [purposes].

(2)(a) The property of a housing authority is declared to be public property used for essential public and governmental purposes and, upon compliance with ORS 307.162, the property and the housing authority are exempt from all taxes and special assessments of the city, the county, the state or any political subdivision of the city, county or state.

(b) In lieu of taxes or special assessments, the authority may agree to make payments to the city, county or political subdivision for improvements, services and facilities furnished by the city, county or political subdivision for the benefit of a housing project, but in no event may the payments exceed the estimated cost to the city, county or political subdivision of the improvements, services or facilities furnished.

(3) Notwithstanding subsection (2) of this section, property of a housing authority that is commercial property leased to a taxable entity is not exempt from taxation and special assessments under this section.

SECTION 57. ORS 307.110 is amended to read:

307.110. (1) Except as provided in ORS 307.120, all real and personal property of this state or any institution or department thereof or of any county or city, town or other municipal corporation or political subdivision of this state, held under a lease or other interest or estate less than a fee simple, by any person whose real property, if any, is taxable, except employees of the state, municipality or political subdivision as an incident to such employment, shall be subject to assessment and taxation for the assessed or specially assessed value thereof uniformly with real property of nonexempt ownerships.

(2) Each leased or rented premises not exempt under ORS 307.120 and subject to assessment and taxation under this section which is located on property used as an airport and owned by and serving a municipality or port shall be separately assessed and taxed.

(3) Nothing contained in this section shall be construed as subjecting to assessment and taxation any publicly owned property described in subsection (1) of this section that is:

(a) Leased for student housing by a school or college to students attending such a school or college.

(b) Leased to or rented by persons, other than sublessees or subrenters, for agricultural or grazing purposes and for other than a cash rental or a percentage of the crop.

(c) Utilized by persons under a land use permit issued by the Department of Transportation for which the department’s use restrictions are such that only an administrative processing fee is able to be charged.

(d) County fairgrounds and the buildings thereon, in a county holding annual county fairs, managed by the county fair board under ORS 565.230, if utilized, in addition to county fair use, for any of the purposes described in ORS 565.230 (2), or for horse stalls or storage for recreational vehicles or farm machinery or equipment.
(e) The properties and grounds managed and operated by the State Fair Council under ORS chapter 565, if utilized, in addition to the purpose of holding the Oregon State Fair, for horse stalls or for storage for recreational vehicles or farm machinery or equipment.

(f) State property that is used by a public university listed in ORS 352.002 or the Oregon Health and Science University to provide parking for employees, students or visitors.

(g) Property of a housing authority created under ORS chapter 456 which is leased or rented [to persons of lower income] for affordable housing pursuant to the public and governmental purposes of the housing authority. [For purposes of this paragraph, “persons of lower income” has the meaning given that term in ORS 456.055.]

(h) Property of any county or city, town or other municipal corporation or political subdivision of this state that is used for affordable housing or is leased or rented [to persons of lower income for housing] pursuant to the public and governmental purposes of the county or city, town or other municipal corporation or political subdivision of this state. For purposes of this paragraph, “affordable housing” and “persons of lower income” have the meanings given those terms in ORS 456.055 has the meaning given that term in ORS 456.055. The exemption under this paragraph shall be granted upon compliance with ORS 307.162.

(i) Property of a health district if:

(A) The property is leased or rented for the purpose of providing facilities for health care practitioners practicing within the county; and

(B) The county is a frontier rural practice county under rules adopted by the Office of Rural Health.

(j) Property of a port if:

(A) The port:

(i) Is organized under ORS chapter 777; and

(ii) Has a board of commissioners appointed by the Governor; and

(B) The property is:

(i) Located in a county with a population of less than 450,000; and

(ii) Used or held for future use by a person other than the port pursuant to an agreement that obligates the person to provide common carrier rail freight service to shippers.

(4) Property determined to be an eligible project for tax exemption under ORS 285C.600 to 285C.635 and 307.123 that was acquired with revenue bonds issued under ORS 285B.320 to 285B.371 and that is leased by this state, any institution or department thereof or any county, city, town or other municipal corporation or political subdivision of this state to an eligible applicant shall be assessed and taxed in accordance with ORS 307.123. The property's continued eligibility for taxation and assessment under ORS 307.123 is not affected:

(a) If the eligible applicant retires the bonds prior to the original dates of maturity; or

(b) If any applicable lease or financial agreement is terminated prior to the original date of expiration.

(5) The provisions of law for liens and the payment and collection of taxes levied against real property of nonexempt ownerships shall apply to all real property subject to the provisions of this section. Taxes remaining unpaid upon the termination of a lease or other interest or estate less than a fee simple, shall remain a lien against the real or personal property.

(6) If the state enters into a lease of property with, or grants an interest or other estate less than a fee simple in property to, a person whose real property, if any, is taxable, then within 30 days after the date of the lease, or within 30 days after the date the interest or estate less than a fee simple
simple is created, the state shall file a copy of the lease or other instrument creating or evidencing
the interest or estate with the county assessor. This section applies notwithstanding that the prop-
erty may otherwise be entitled to an exemption under this section, ORS 307.120 or as otherwise
provided by law.

SECTION 58. ORS 307.110, as amended by section 4, chapter 287, Oregon Laws 2013, is
amended to read:

ORS 307.110, as amended by section 4, chapter 287, Oregon Laws 2013, is
amended to read:

(1) Except as provided in ORS 307.120, all real and personal property of this state or
any institution or department thereof or of any county or city, town or other municipal corporation
or political subdivision of this state, held under a lease or other interest or estate less than a fee
simple, by any person whose real property, if any, is taxable, except employees of the state,
municipality or political subdivision as an incident to such employment, shall be subject to assess-
ment and taxation for the assessed or specially assessed value thereof uniformly with real property
of nonexempt ownerships.

(2) Each leased or rented premises not exempt under ORS 307.120 and subject to assessment and
taxation under this section which is located on property used as an airport and owned by and
serving a municipality or port shall be separately assessed and taxed.

(3) Nothing contained in this section shall be construed as subjecting to assessment and taxation
any publicly owned property described in subsection (1) of this section that is:

(a) Leased for student housing by a school or college to students attending such a school or
college.

(b) Leased to or rented by persons, other than sublessees or subrenters, for agricultural or
grazing purposes and for other than a cash rental or a percentage of the crop.

(c) Utilized by persons under a land use permit issued by the Department of Transportation for
which the department’s use restrictions are such that only an administrative processing fee is able
to be charged.

(d) County fairgrounds and the buildings thereon, in a county holding annual county fairs,
managed by the county fair board under ORS 565.230, if utilized, in addition to county fair use, for
any of the purposes described in ORS 565.230 (2), or for horse stalls or storage for recreational ve-
hicles or farm machinery or equipment.

(e) The properties and grounds managed and operated by the State Fair Council under ORS
chapter 565, if utilized, in addition to the purpose of holding the Oregon State Fair, for horse stalls
or for storage for recreational vehicles or farm machinery or equipment.

(f) State property that is used by a public university listed in ORS 352.002 or the Oregon Health
and Science University to provide parking for employees, students or visitors.

(g) Property of a housing authority created under ORS chapter 456 which is leased or rented
[to persons of lower income] for affordable housing pursuant to the public and governmental pur-
poses of the housing authority. [For purposes of this paragraph, “persons of lower income” has the
meaning given that term in ORS 456.055.]

(h) Property of any county or city, town or other municipal corporation or political subdivision
of this state that is used for affordable housing or is leased or rented [to persons of lower income for
housing] pursuant to the public and governmental purposes of the county or city, town or other
municipal corporation or political subdivision of this state. For purposes of this paragraph, “afford-
able housing” [and “persons of lower income” have the meanings given those terms in ORS 456.055]
has the meaning given that term in ORS 456.005. The exemption under this paragraph shall be
granted upon compliance with ORS 307.162.
(i) Property of a health district if:
   (A) The property is leased or rented for the purpose of providing facilities for health care
   practitioners practicing within the county; and
   (B) The county is a frontier rural practice county under rules adopted by the Office of Rural
   Health.

(4) Property determined to be an eligible project for tax exemption under ORS 285C.600 to
285C.635 and 307.123 that was acquired with revenue bonds issued under ORS 285B.320 to 285B.371
and that is leased by this state, any institution or department thereof or any county, city, town or
other municipal corporation or political subdivision of this state to an eligible applicant shall be
assessed and taxed in accordance with ORS 307.123. The property's continued eligibility for taxation
and assessment under ORS 307.123 is not affected:
   (a) If the eligible applicant retires the bonds prior to the original dates of maturity; or
   (b) If any applicable lease or financial agreement is terminated prior to the original date of ex-
   piration.

(5) The provisions of law for liens and the payment and collection of taxes levied against real
property of nonexempt ownerships shall apply to all real property subject to the provisions of this
section. Taxes remaining unpaid upon the termination of a lease or other interest or estate less than
a fee simple, shall remain a lien against the real or personal property.

(6) If the state enters into a lease of property with, or grants an interest or other estate less
than a fee simple in property to, a person whose real property, if any, is taxable, then within 30 days
after the date of the lease, or within 30 days after the date the interest or estate less than a fee
simple is created, the state shall file a copy of the lease or other instrument creating or evidencing
the interest or estate with the county assessor. This section applies notwithstanding that the prop-
erty may otherwise be entitled to an exemption under this section, ORS 307.120 or as otherwise
provided by law.

SECTION 59. ORS 307.162 is amended to read:

307.162. (1)(a) Before any real or personal property may be exempted from taxation under ORS
(3), 307.513, 307.555 or 307.580 for any tax year, the institution, organization or person entitled to
claim the exemption must file a claim with the county assessor, on or before April 1 preceding the
tax year for which the exemption is claimed. The claim must contain statements, verified by the
oath or affirmation of the president or other proper officer of the institution or organization or the
person, that:
   (A) List all real property claimed to be exempt and show the purpose for which the real property
is used; and
   (B) Cite the statutes under which exemption for personal property is claimed.
   (b)(A) Notwithstanding paragraph (a) of this subsection, a claim for an initial year of exemption
under ORS 307.140 (4) must be filed with the Department of Revenue.
   (B) If the ownership of all property, other than property described in ORS 307.110 (3)(h), 307.140
(4) or 307.555, included in the claim filed with the county assessor for a prior year remains un-
changed, a new claim is not required.
   (c) When the property designated in the claim for exemption is acquired after March 1 and be-
fore July 1, the claim for that year must be filed within 30 days from the date of acquisition of the
property.
   (2)(a) Notwithstanding subsection (1) of this section, a claim may be filed under this section for
the current tax year:

(A) On or before December 31 of the tax year, if the claim is accompanied by a late filing fee of the greater of $200, or one-tenth of one percent of the real market value as of the most recent assessment date of the property to which the claim pertains.

(B) On or before April 1 of the tax year, if the claim is accompanied by a late filing fee of $200 and the claimant demonstrates good and sufficient cause for failing to file a timely claim, is a first-time filer or is a public entity described in ORS 307.090.

(b)(A) Notwithstanding subsection (1) of this section, a claimant that demonstrates good and sufficient cause for failing to file a timely claim, is a first-time filer or is a public entity described in ORS 307.090 may file a claim under this section for the five tax years prior to the current tax year:

(i) Within 60 days after the date on which the county assessor mails notice of additional taxes owing under ORS 311.206 for the property to which the claim filed under this subparagraph pertains; or

(ii) At any time if no notice is mailed.

(B) A claim filed under this paragraph must be accompanied by a late filing fee of the greater of $200, or one-tenth of one percent of the real market value as of the most recent assessment date of the property to which the claim pertains, multiplied by the number of prior tax years for which exemption is claimed.

(c) If a claim filed under this subsection is not accompanied by the late filing fee or if the late filing fee is not otherwise paid, an exemption may not be allowed for the tax years sought by the claim. A claim may be filed under this subsection notwithstanding that there are no grounds for hardship as required for late filing under ORS 307.475.

(d) The value of the property used to determine the late filing fee under this subsection and the determination of the county assessor relative to a claim of good and sufficient cause are appealable in the same manner as other acts of the county assessor.

(e) A late filing fee collected under this subsection must be deposited in the county general fund.

(3)(a) In a claim for exemption of property described in ORS 307.110 (3)(h), the county or city, town or other municipal corporation or political subdivision of this state that is filing the claim must substantiate that the property is used for affordable housing [or that it is leased or rented to persons of lower income, as applicable].

(b) A claim filed under this subsection must be filed annually on a form prescribed by the Department of Revenue.

(4) As used in this section:

(a) “First-time filer” means a claimant that:

(A) Has never filed a claim for the property that is the subject of the current claim; and

(B) Did not receive notice from the county assessor on or before December 1 of the tax year for which exemption is claimed regarding the potential property tax liability of the property.

(b)(A) “Good and sufficient cause” means an extraordinary circumstance beyond the control of the taxpayer or the taxpayer’s agent or representative that causes the failure to file a timely claim.

(B) “Good and sufficient cause” does not include hardship, reliance on misleading information unless the information is provided by an authorized tax official in the course of the official’s duties, lack of knowledge, oversight or inadvertence.

(c) “Ownership” means legal and equitable title.

(5)(a) Notwithstanding subsection (1) of this section, if an institution or organization owns
property that is exempt from taxation under a provision of law listed in subsection (1) of this section and fails to file a timely claim for exemption under subsection (1) of this section for additions or improvements to the exempt property, the additions or improvements may nevertheless qualify for exemption.

(b) The organization must file a claim for exemption with the county assessor to have the additions or improvements to the exempt property be exempt from taxation. The claim must:

(A) Describe the additions or improvements to the exempt property;
(B) Describe the current use of the property that is the subject of the application;
(C) Identify the tax year and any preceding tax years for which the exemption is sought;
(D) Contain any other information required by the department; and

(E) Be accompanied by a late filing fee equal to the product of the number of tax years for which exemption is sought multiplied by the greater of $200 or one-tenth of one percent of the real market value as of the most recent assessment date of the property that is the subject of the claim.

(c) Upon the county assessor’s receipt of a completed claim and late filing fee, the assessor shall determine for each tax year for which exemption is sought whether the additions or improvements that are the subject of the claim would have qualified for exemption had a timely claim been filed under subsection (1) of this section. Any property that would have qualified for exemption had a timely claim been filed under subsection (1) of this section is exempt from taxation for each tax year for which the property would have qualified.

(d) A claim for exemption under this subsection may be filed only for tax years for which the time for filing a claim under subsections (1) and (2)(a) of this section has expired. A claim filed under this subsection, however, may serve as the claim required under subsection (1) of this section for the current tax year.

(e) A late filing fee collected under this subsection must be deposited in the county general fund.

(6) For each tax year for which an exemption granted pursuant to subsection (2) or (5) of this section applies:

(a) Any tax, or interest attributable thereto, that was paid with respect to the property that is declared exempt from taxation must be refunded. Refunds must be made without interest from the unsegregated tax collections account established under ORS 311.385.

(b) Any tax, or interest attributable thereto, that remains unpaid as of the date the exemption is granted must be abated.

(7) If an institution, organization or person owns property that is exempt from taxation under a provision of law listed in subsection (1) of this section and changes the use of the property to a use that would not entitle the property to exemption from taxation, the institution or organization must notify the county assessor of the change to a taxable use within 30 days.

SECTION 60. ORS 476.392 is amended to read:

476.392. (1) The State Fire Marshal shall establish minimum defensible space requirements for wildfire risk reduction on lands in areas identified on the statewide map of wildfire risk described in ORS 477.490 as within the wildland-urban interface.

(2) The State Fire Marshal:

(a) Shall consult with the Oregon Fire Code Advisory Board to establish the requirements.

(b) Shall establish requirements that are consistent with and do not exceed the standards pertaining only to defensible space that are set forth in the International Wildland-Urban Interface Code published by the International Code Council, including the standards pertaining only to defensible space that are set forth in sections 603 and 604 of the code.
(c) May consider best practices specific to Oregon in order to establish the requirements.
(d) Shall periodically reexamine the standards set forth in the International Wildland-Urban Interface Code and update the requirements to reflect current best practices, in consultation with the Oregon Fire Code Advisory Board.
(e) Shall enforce the requirements that are applicable to lands within the jurisdiction of a local government.
(f) Shall adopt rules governing administration of the requirements.
(g) May develop and apply a graduated fee structure for use in assessing penalties on property owners for noncompliance with the requirements.
(h) Shall consult on implementation of the requirements.
(i) May adopt rules concerning reports by local governments described in subsection (4)(a) of this section.

(3) Subject to additional local requirements, the requirements shall apply statewide for all lands in the wildland-urban interface that are designated as extreme or high risk, as identified on the map.

(4) Notwithstanding subsection (2) of this section, a local government may:
   (a) Administer, consult on and enforce the requirements established by the State Fire Marshal, within the jurisdiction of the local government. A local government that administers or enforces the requirements established by the State Fire Marshal shall periodically report to the State Fire Marshal regarding compliance with the requirements, including the extent of compliance for each property within the jurisdiction of the local government, any change in the degree of compliance since the last report and any other information required by the State Fire Marshal by rule.
   (b) Adopt and enforce local requirements for defensible space that are greater than the requirements established by the State Fire Marshal. Any local requirements that a local government adopts for defensible space must be defensible space standards selected from the framework set forth in the International Wildland-Urban Interface Code or other best practices specific to Oregon.
   (c) Designate local fire districts, fire departments or fire agencies to enforce the requirements established by the State Fire Marshal or the local government pursuant to paragraph (b) of this subsection. A local government that designates enforcement must comply with the reporting requirements in paragraph (a) of this subsection.

(5) The State Fire Marshal shall administer a community risk reduction program that emphasizes education and methods of prevention with respect to wildfire risk, enforcement of defensible space requirements, response planning and community preparedness for wildfires.

(6) The State Fire Marshal may provide financial, administrative, technical or other assistance to a local government to facilitate the administration and enforcement of requirements within the jurisdiction of the local government. A local government shall expend financial assistance provided by the State Fire Marshal under this subsection to give priority to the creation of defensible space:
   (a) On lands owned by members of socially and economically vulnerable communities, persons with limited proficiency in English and persons of lower income as defined in ORS 456.055 households with income less than or equal to 80 percent of the area median income, as defined in ORS 456.005.
   (b) For critical or emergency infrastructure.
   (c) For schools, hospitals and facilities that serve seniors.

SECTION 61. Section 1, chapter 553, Oregon Laws 2021, is amended to read:
Sec. 1. (1) As used in this section:
   (a) “Accessory dwelling unit” has the meaning given that term in ORS 215.501.
(b) “ADU community pilot program” means one or more programs established, implemented and operated by a nonprofit organization to invest in developing accessory dwelling units for eligible homeowners and available for lease by eligible tenants.

(c) “Area median income” has the meaning given that term in ORS 458.610.

(d) “Eligible homeowner” means:

(A) A household that owns and resides in a home and has an income at or below the area median income; or

(B) A nonprofit organization, including the organization receiving a grant under this section, that owns a home that is rented to a household with an income at or below the area median income.

(e) “Eligible tenant” means a person or household with an income that is below 60 percent of the area median income.

(f) “Nonprofit organization” means an organization or group of organizations that is described in section 501(c)(3) of the Internal Revenue Code and is exempt from income tax under section 501(a) of the Internal Revenue Code.

(2) The Housing and Community Services Department shall provide a grant to a nonprofit organization to fund ADU community pilot programs developed by the organization or its subgrantees that must:

(a) Assess the suitability of an eligible homeowner’s property for siting and construction of an accessory dwelling unit;

(b) Provide or assist with the financing, documentation, siting, construction and cleanup of an accessory dwelling unit on an eligible homeowner’s property;

(c) Identify, screen and enter into lease agreements with eligible tenants who will reside in accessory dwelling units developed under the program on an eligible homeowner’s property;

(d) Provide professional property management services for the eligible homeowner; and

(e) Require that eligible homeowners maintain the accessory dwelling units as affordable to eligible tenants for a period of no less than 10 years.

(3) The nonprofit organization receiving a grant under subsection (2) of this section may distribute grant funds to subgrantees that are nonprofit organizations for ADU community pilot programs described in subsection (2) of this section.

(4) Upon being awarded a grant under this section, the grant recipient shall enter into an agreement with the department that:

(a) Indicates the purposes for which the grant funds may be used;

(b) Includes the repayment provisions set forth in subsection (5) of this section;

(c) Permits the department to conduct audits and monitoring of the grant recipient regarding the purposes for which grant funds have been used; and

(d) Requires the grant recipient to report on the use of funds in a manner described by the department.

(5)(a) The grant recipient shall repay to the department, in whole or in part, grant funds received under this section, to the extent that:

(A) The grant recipient does not use the grant funds in accordance with the provisions of the grant agreement executed between the department and the grant recipient under subsection (4) of this section; or

(B) The Director of the Housing and Community Services Department determines that the grant recipient must repay all or part of the grant funds on grounds of misappropriation, fraud or similar reasons after monitoring the grant recipient’s operations and conducting an administrative hearing.
under ORS 183.413 to 183.470.

(b) Funds received by the department under this subsection shall be paid into the State Treasury and credited to the General Housing Account created under ORS 458.620.