

SB 936-2
(LC 3586)
3/21/23 (RLM/ps)

Requested by Senator MANNING JR

**PROPOSED AMENDMENTS TO
SENATE BILL 936**

1 On page 1 of the printed bill, after “homeownership;” insert “creating new
2 provisions; amending ORS 456.502;”.

3 Delete lines 4 through 28 and delete pages 2 and 3 and insert:

4 **“SECTION 1. Section 2 of this 2023 Act is added to and made a part
5 of ORS chapter 458.**

6 **“SECTION 2. (1) The Housing and Community Services Department
7 may provide grants, loans or a combination of both to:**

8 **“(a) Recipients of moneys under ORS 458.485 (2) to supplement the
9 construction of affordable housing units for homeownership units built
10 with those monies or to develop additional affordable housing units for
11 homeownership;**

12 **“(b) Organizations, as defined in ORS 458.610, or for-profit busi-
13 nesses, for new construction of affordable housing units for
14 homeownership or for conversion of existing structures into affordable
15 housing units for homeownership;**

16 **“(c) Federally recognized Indian tribes located in this state for the
17 development of affordable housing units for homeownership or for
18 other homeownership related projects; and**

19 **“(d) Nonprofit organizations recognized as tax exempt under section
20 501(c)(3) of the Internal Revenue Code for predevelopment and capacity
21 building grants to build the organizations’ capacities to develop more**

1 affordable housing units for homeownership.

2 “(2) The department may adopt rules to limit program eligibility,
3 to establish affordability standards and to carry out this section.

4 “(3) Loan proceeds and other moneys recovered under this section
5 shall be paid to the department and deposited with the State Treasury
6 for credit to the General Fund, and are available for general govern-
7 mental expenses.

8 “SECTION 3. In addition to and not in lieu of any other appropri-
9 ation, there is appropriated to the Housing and Community Services
10 Department, for the biennium beginning July 1, 2023, out of the Gen-
11 eral Fund, the amount of \$120,000,000, to provide grants or loans under
12 section 2 of this 2023 Act.

13 “SECTION 4. Section 2 of this 2023 Act is repealed on January 2,
14 2026.

15 “SECTION 5. ORS 456.502 is amended to read:

16 “456.502. (1) The Affordable Housing Land Acquisition Revolving Loan
17 Program is established within the Housing and Community Services Depart-
18 ment. The purpose of the program is to provide financial assistance to eli-
19 gible organizations to purchase land for affordable housing development. The
20 department may contract with a qualifying nonprofit organization to serve
21 in a fiduciary capacity as program administrator.

22 “(2) The department or the program administrator, with the department’s
23 approval, may make loans to eligible organizations to purchase land on
24 which to develop affordable housing and to build facilities intended to pro-
25 vide supportive services to affordable housing residents and low income
26 households in the nearby community.

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

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

10 “(5) Forty percent of loans made by the program shall go to eligible or-
11 ganizations operating [*home ownership*] **homeownership** programs for low
12 income households. If the entire 40 percent cannot be loaned to the types of
13 eligible organizations described in this subsection, the remainder may be
14 loaned to other eligible organizations under subsection (6) of this section.
15 **Loans made under this subsection must have an interest rate of zero**
16 **percent.**

17 “(6) Sixty percent of loans shall be made to eligible organizations not
18 described in subsection (5) of this section.

19 “(7) Within five years of receiving a loan, a loan recipient must present
20 the department or the program administrator with an updated development
21 plan, including a proposed development design, committed and anticipated
22 additional financial resources to be dedicated to the development and an es-
23 timated development schedule that indicates completion of the development
24 within eight years of receipt of the loan. The updated development plan must
25 be substantially consistent with the development plan submitted as part of
26 the original loan application required in subsection (4) of this section.

27 “(8) Within eight years of receiving a loan under this section, a loan re-
28 cipient must complete development of affordable housing on the property for
29 which the loan was made and place the affordable housing into service.

30 “(9) A loan recipient must preserve the affordable housing developed on

1 the property acquired under this section as affordable housing for a minimum
2 of 30 years.

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

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

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

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

28 “(13) The department, or the program administrator with the approval of
29 the department, must develop performance measures for the program, in-
30 cluding at a minimum measures related to:

“(a) The ability of eligible organizations to access land for affordable 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 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.

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

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

“SECTION 6. This 2023 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2023 Act takes effect July 1, 2023.”.