

SB 936-3
(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. Sections 2 and 3 of this 2023 Act are added to and
5 made a part 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 into the Homeownership
6 Division Fund under section 3 of this 2023 Act.

7 **“SECTION 3.** (1) The Homeownership Division Fund is established
8 in the State Treasury, separate and distinct from the General Fund.
9 Interest earned by the Homeownership Division Fund shall be credited
10 to the fund.

11 “(2) The Homeownership Division Fund consists of loan proceeds
12 under section 2 (3) of this 2023 Act and moneys appropriated, allocated,
13 deposited or transferred to the fund by the Legislative Assembly or
14 otherwise.

15 “(3) Moneys in the fund are continuously appropriated to the
16 Housing and Community Services Department for the purposes of
17 carrying out section 2 of this 2023 Act.

18 **“SECTION 4.** In addition to and not in lieu of any other appropri-
19 ation, there is appropriated to the Housing and Community Services
20 Department, for the biennium beginning July 1, 2023, out of the Gen-
21 eral Fund, the amount of \$120,000,000, for deposit into the
22 Homeownership Division Fund under section 3 of this 2023 Act.

23 **“SECTION 5.** ORS 456.502 is amended to read:

24 “456.502. (1) The Affordable Housing Land Acquisition Revolving Loan
25 Program is established within the Housing and Community Services Depart-
26 ment. The purpose of the program is to provide financial assistance to eli-
27 gible organizations to purchase land for affordable housing development. The
28 department may contract with a qualifying nonprofit organization to serve
29 in a fiduciary capacity as program administrator.

30 “(2) The department or the program administrator, with the department’s

1 approval, may make loans to eligible organizations to purchase land on
2 which to develop affordable housing and to build facilities intended to pro-
3 vide supportive services to affordable housing residents and low income
4 households in the nearby community.

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

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

18 “(5) Forty percent of loans made by the program shall go to eligible or-
19 ganizations operating [*home ownership*] **homeownership** programs for low
20 income households. If the entire 40 percent cannot be loaned to the types of
21 eligible organizations described in this subsection, the remainder may be
22 loaned to other eligible organizations under subsection (6) of this section.

23 **Loans made under this subsection must have an interest rate of zero**
24 **percent.**

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

27 “(7) Within five years of receiving a loan, a loan recipient must present
28 the department or the program administrator with an updated development
29 plan, including a proposed development design, committed and anticipated
30 additional financial resources to be dedicated to the development and an es-

1 timated development schedule that indicates completion of the development
2 within eight years of receipt of the loan. The updated development plan must
3 be substantially consistent with the development plan submitted as part of
4 the original loan application required in subsection (4) of this section.

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

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

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

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

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

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

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

9 “(a) The ability of eligible organizations to access land for affordable
10 housing development;

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

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

17 “(14) By December 1 of each year, beginning in 2018, the department and
18 the program administrator, if any, shall report to the interim committees of
19 the Legislative Assembly with subject matter jurisdiction for housing re-
20 garding the performance measures developed under subsection (13) of this
21 section.

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

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

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