

**A-Engrossed
House Bill 2198**

Ordered by the House April 27
Including House Amendments dated April 27

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on Human Services and Housing)

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.

[Directs Housing and Community Services Department to submit report to interim legislative committees, no later than July 1, 2016, regarding delivery of housing services.]

[Declares emergency, effective on passage.]

Directs Housing and Community Services Department to develop and implement Affordable Family Housing Development Program to expand state's supply of affordable housing for families with children and incomes below 60 percent of area median income.

Authorizes state or department to own affordable housing under program.

Directs State Housing Council to develop strategies to implement program.

Creates Affordable Family Housing Development Program Fund. Continuously appropriates moneys in fund to department for purposes of program.

Requires department to report to Legislative Assembly on or before February 1, 2016, regarding implementation of program.

A BILL FOR AN ACT

1
2 Relating to the Housing and Community Services Department; creating new provisions; and amend-
3 ing ORS 456.559.

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

5 **SECTION 1. As used in sections 1 to 3 of this 2015 Act:**

6 (1) "Affordable housing" means dwelling units that may be purchased or rented, with or
7 without government assistance, by persons who meet the applicable income limits of local,
8 state or federally funded programs or developments.

9 (2) "Area median income" means the median income for the metropolitan statistical area
10 in which the subject housing is located, adjusted for family size, as determined by the
11 Housing and Community Services Department using United States Department of Housing
12 and Urban Development information.

13 (3) "Development costs" has the meaning given that term in ORS 456.548.

14 **SECTION 2. (1) The Housing and Community Services Department shall, subject to the**
15 **policies of the State Housing Council, develop and implement the Affordable Family Housing**
16 **Development Program for the purpose of expanding the state's supply of affordable housing**
17 **for families with children that have family incomes below 60 percent of the area median in-**
18 **come.**

19 (2) The department may implement and administer the program to:

20 (a) Acquire, construct, develop, improve, rehabilitate and own affordable housing in this
21 state for families with children;

22 (b) Pay development costs to develop affordable housing under the program, including but

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

1 not limited to any costs that may be capitalized under generally accepted accounting princi-
2 ples, and the costs of consultants or advisers retained by the State Treasurer or the de-
3 partment; and

4 (c) Make grants to eligible applicants for the construction, development, improvement
5 or rehabilitation of affordable housing, subject to the review of the State Housing Council.

6 (3) The department may enter into agreements with qualified third parties to develop,
7 manage and operate the affordable housing acquired, constructed, developed, improved, re-
8 habilitated and owned by the program. The department is not subject to the provisions of
9 ORS chapter 279A or 279B in entering into an agreement under this subsection. The depart-
10 ment shall establish by rule procedures for inviting proposals and making agreements under
11 this subsection.

12 (4) Affordable housing that is acquired, constructed, developed, improved or rehabilitated
13 under the program may be owned, in whole or in part, by the state or the department.

14 (5)(a) In making grants for the construction, development, improvement or rehabilitation
15 of affordable housing under the program, the department shall give preference to applicants
16 with projects that will:

17 (A) Provide the greatest number of affordable housing units for the amount of the grant
18 allowed; and

19 (B) Ensure the longest possible use as affordable housing units.

20 (b) For the purpose of making grants under the program, the State Housing Council may
21 adopt a formula that:

22 (A) Optimizes the interest of the applicant and the working life of the affordable housing
23 unit; and

24 (B) Takes into account the means to reduce the cost of the affordable housing while
25 considering factors such as the quality of construction, durability and local design require-
26 ments.

27 (6)(a) It shall be the policy of the State Housing Council that funds and resources that
28 are made available through the program be distributed statewide while concentrating funds
29 and resources in those areas of the state with the greatest need for affordable housing, as
30 determined by the council. In implementing this policy, the department and the council shall
31 consider the following factors on a county-by-county basis:

32 (A) The proportion of renters in the county with a severe rent burden;

33 (B) Underserved geographies, taking into account the proportion of households of fami-
34 lies with children that have extremely low incomes compared to the availability of affordable
35 housing within the geography; and

36 (C) Market data, including but not limited to the cost of housing, vacancy rates and
37 available affordable housing supply.

38 (b) As used in this subsection, “severe rent burden” means rent that is more than 50
39 percent of the family income for a family with children.

40 (7) For purposes of implementing the program, the State Housing Council shall develop
41 strategies to:

42 (a) Reach traditionally underserved communities including communities of color and ru-
43 ral communities;

44 (b) Reduce the cost of constructing, developing, improving or rehabilitating affordable
45 housing;

1 (c) Involve regional solutions advisory committees and teams, Early Learning Hubs, co-
2 ordinated care organizations and others; and

3 (d) Ensure funds distributed by the program contribute to addressing other state priori-
4 ties.

5 (8) The Director of the Housing and Community Services Department shall report regu-
6 larly to the State Housing Council regarding the status and progress of the program and of
7 the department's responsibilities for implementing and administering the program.

8 (9) The department shall adopt rules to implement the provisions of this section, includ-
9 ing but not limited to prescribing qualifications and requirements for making grants and for
10 acquiring, constructing, developing, improving, rehabilitating and owning affordable housing
11 under the program.

12 **SECTION 3.** (1) There is created within the State Treasury, separate and distinct from
13 the General Fund, the Affordable Family Housing Development Program Fund. Interest
14 earned by the Affordable Family Housing Development Program Fund shall be credited to the
15 fund.

16 (2) Moneys in the fund shall consist of:

17 (a) Amounts donated to the fund;

18 (b) Amounts appropriated or otherwise transferred to the fund by the Legislative As-
19 sembly;

20 (c) Investment earnings received on moneys in the fund; and

21 (d) Other amounts deposited in the fund from any source.

22 (3) Moneys in the fund are continuously appropriated to the Housing and Community
23 Services Department to carry out the provisions of sections 1 to 3 of this 2015 Act.

24 (4) The department may use moneys in the fund to pay the administrative costs associ-
25 ated with the fund and with implementing and administering the provisions of section 2 of
26 this 2015 Act.

27 **SECTION 4.** On or before February 1, 2016, the Housing and Community Services De-
28 partment shall prepare and submit a report to the interim committees of the Legislative
29 Assembly that have authority over the subject area of housing regarding the Affordable
30 Family Housing Development Program and implementation of sections 1 to 3 of this 2015 Act.

31 **SECTION 5.** ORS 456.559 is amended to read:

32 456.559. (1) The Housing and Community Services Department shall:

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

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

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

44 (d) Advise and assist appropriate state agencies, governmental bodies and public or private
45 housing sponsors, cities and counties, in all programs and activities which are designed or might

1 tend to fulfill the purposes of ORS 456.548 to 456.725 and ORS chapter 458.

2 (e) Encourage and assist in the planning, development, construction, rehabilitation and conser-
3 vation of dwelling units for persons and families of lower income.

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

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

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

18 (i) Comply with the requirements of ORS 443.225 in assisting in the development of any housing
19 for residential care, training or treatment for persons with mental retardation, developmental disa-
20 bilities or mental or emotional disturbances.

21 (2) Except as otherwise provided in ORS 456.625 (7) **and sections 1 to 3 of this 2015 Act**, the
22 department may not itself develop, construct, rehabilitate or conserve housing units; and neither the
23 department nor any housing sponsor, including but not limited to any association, corporation, co-
24 operative housing authority or urban renewal agency organized to provide housing and other facil-
25 ities pursuant to ORS 456.548 to 456.725, may own, acquire, construct, purchase, lease, operate or
26 maintain utility facilities, including facilities for the generation of electricity, for the distribution
27 of gas and electricity, and for the conveyance of telephone and telegraph messages.

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

42 (4) The director may participate in discussions and deliberations of the council. The director
43 may suggest policies and rules to the council, including those necessary to stimulate and increase
44 the supply of housing for persons and families of lower income.

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