

**B-Engrossed**  
**House Bill 2198**

Ordered by the House May 27  
Including House Amendments dated April 27 and May 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 develop and implement [*Affordable Family Housing Development Program*] **Local Innovation and Fast Track Housing Program** to expand state's supply of affordable housing for families with children and incomes **at or** below 60 percent of area median income.

Authorizes state or department to own [*affordable housing*] **property** under program.

Directs State Housing Council to develop strategies to implement program.

Creates [*Affordable Family Housing Development Program Fund*] **Local Innovation and Fast Track Housing 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,] **of each of years 2016, 2017 and 2018** 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 residential housing that may be purchased or rented,  
7 with or without government assistance, by persons who meet the applicable income limits  
8 of local, state or federally funded programs or developments.

9 (2) "Area median income" means the median income for the area in which the subject  
10 housing is located, adjusted for family size, as determined by the Housing and Community  
11 Services Department using United States Department of Housing and Urban Development  
12 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, with the advice**  
15 **and consent of the State Housing Council, develop and implement the Local Innovation and**  
16 **Fast Track Housing Program for the purpose of expanding the state's supply of affordable**  
17 **housing for families with children that have family incomes at or below 60 percent of the**  
18 **area median income.**

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

20 (a) Acquire, construct, develop, improve, rehabilitate, own, conserve, operate and dispose  
21 of property for the purpose of affordable housing in this state for families with children;

22 (b) Pay development costs to develop property under the program, including but not

**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 limited to any costs that may be capitalized under generally accepted accounting principles,  
2 and the costs of consultants or advisers retained by the State Treasurer or the department;  
3 and

4 (c) As deemed necessary and appropriate by the department to carry out the purposes  
5 of the program:

6 (A) Create entities;

7 (B) Cooperate with, invest with or in and contract with persons and entities;

8 (C) Fund, finance and guarantee financing for persons and entities, provided that such  
9 funding, financing and guaranteeing of financing shall not constitute a debt or liability of the  
10 state within the meaning of Article XI, section 7, of the Oregon Constitution; and

11 (D) Participate with persons and entities.

12 (3) The department may contract with qualified persons and entities to accomplish the  
13 purposes of the program, including but not limited to the development, management and  
14 operation of property under the program.

15 (4) Property that is acquired, constructed, developed, improved or rehabilitated under the  
16 program may be owned, in whole or in part, by the state or the department.

17 (5) In funding the acquisition, construction, development, improvement or rehabilitation  
18 of property under the program:

19 (a) The department shall give preference to applicants with affordable housing projects  
20 that will:

21 (A) Provide the greatest amount of affordable housing units for the amount of funding  
22 provided; and

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

24 (b) The department, with the advice and consent of the State Housing Council, may adopt  
25 a formula that:

26 (A) Optimizes the function and duration of the affordable housing project; and

27 (B) Takes into account the means to reduce the cost of the affordable housing project  
28 while considering factors such as the quality of construction, durability, location and local  
29 design requirements.

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

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

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

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

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

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

45 (a) Reach traditionally underserved communities including communities of color and ru-

1 **ral communities;**

2 **(b) Reduce the cost of constructing, developing, improving or rehabilitating affordable**  
3 **housing;**

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

6 **(d) Ensure funds distributed by the program contribute to addressing other state priori-**  
7 **ties.**

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

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

15 **SECTION 3. (1) There is created within the State Treasury, separate and distinct from**  
16 **the General Fund, the Local Innovation and Fast Track Housing Program Fund. Interest**  
17 **earned by the Local Innovation and Fast Track Housing Program Fund shall be credited to**  
18 **the fund.**

19 **(2) Moneys in the fund shall consist of:**

20 **(a) Amounts donated to the fund;**

21 **(b) Amounts appropriated or otherwise transferred to the fund by the Legislative As-**  
22 **sembly;**

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

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

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

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

30 **SECTION 4. On or before February 1 of each of the years 2016, 2017 and 2018, the Housing**  
31 **and Community Services Department shall prepare and submit a report to the interim com-**  
32 **mittees of the Legislative Assembly that have authority over the subject area of housing**  
33 **regarding the Local Innovation and Fast Track Housing Program and the annual progress**  
34 **on implementation of the program. Each report shall include but is not limited to informa-**  
35 **tion regarding:**

36 **(1) The amount of funds awarded and expended;**

37 **(2) The number of affordable housing units in progress and developed; and**

38 **(3) The location of the affordable housing units and geographic diversity.**

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

40 **456.559. (1) The Housing and Community Services Department shall:**

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

45 **(b) Provide to appropriate state agencies, governmental bodies and public or private housing**

1 sponsors such advisory and educational services as will assist them in the development of housing  
2 plans and projects.

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

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

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

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

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

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

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

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

36 (3) In accordance with the provisions of this section and with the advice of the council, the  
37 department shall establish statewide priorities for housing programs. State agencies shall coordinate  
38 their housing programs with the department. All state agencies intending to apply for federal funds  
39 for use in planning, developing or managing housing, or rendering assistance to governmental bodies  
40 or sponsors or individuals involved therein shall submit a description of the proposed activity to the  
41 department for review not less than 30 days prior to the intended date of submission of the appli-  
42 cation to the federal agency. The department shall determine whether the proposal would result in  
43 a program that would overlap, duplicate or conflict with any other housing program in the state. If  
44 the department finds overlapping or duplication or conflict, it shall recommend modifications in the  
45 application. The Oregon Department of Administrative Services shall consider these recommen-

1 dations in making its decision to approve or disapprove the application. The department shall com-  
2 plete its review and forward its recommendations within 15 working days after receipt of the  
3 notification. Failure of the department to complete the review within that time shall constitute ap-  
4 proval of the application by the department.

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

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