

C-Engrossed
House Bill 2198

Ordered by the House July 6
Including House Amendments dated April 27 and May 27 and July 6

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 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]* **low income individuals or families.**

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

Authorizes department to acquire, construct, remodel, repair, equip or furnish real property that is or will be owned by state to provide affordable housing for low income individuals or families. Authorizes department to pay development costs to develop real property and create entities, cooperate or participate with persons or entities and contract with persons and entities. Limits types of interests in real property that may be owned by state or department under program.

Directs State Housing Council to develop strategies to implement program.

Requires Director of Housing and Community Services Department to report regularly to council regarding status and progress of program and department's responsibilities for implementing and administering program.

Directs department to adopt rules to implement program.

Creates 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 of each of years 2016, 2017 and 2018 regarding implementation of program.

Appropriates moneys from General Fund to department for biennial expenses related to development of affordable housing for low income individuals or families through program.

Limits biennial expenditures for payment of expenses related to development of affordable housing for low income individuals or families from fees, moneys or other revenues, including Miscellaneous Receipts and reimbursements from federal service agreements, but excluding lottery funds and federal funds, collected or received by department.

Declares emergency, effective July 1, 2015.

A BILL FOR AN ACT

1
2 Relating to the Housing and Community Services Department; creating new provisions; amending
3 ORS 270.100 and 456.559; and declaring an emergency.

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.

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 (4) "Low income individuals or families" means individuals who have incomes at or below
2 60 percent of the area median income for individuals, or families that have incomes at or
3 below 60 percent of the area median income for families.

4 **SECTION 2.** (1) The Housing and Community Services Department shall, with the advice
5 and consent of the State Housing Council, develop and implement the Local Innovation and
6 Fast Track Housing Program for the purpose of expanding the state's supply of affordable
7 housing for low income individuals or families.

8 (2) Pursuant to subsection (1) of this section, the department may:

9 (a) Acquire, construct, remodel, repair, equip or furnish real property that is or will be
10 owned by the State of Oregon for the purpose of providing affordable housing in this state
11 for low income individuals or families;

12 (b) Pay development costs to develop real property that may be considered part of the
13 cost of a capital asset under generally accepted accounting principles; and

14 (c) Create entities, cooperate or participate with persons or entities and contract with
15 persons and entities.

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

18 (a) A fee simple interest;

19 (b) A leased fee interest;

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

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

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

26 (4) In funding the acquisition, construction, remodeling, repairing, equipping or furnish-
27 ing of real property under the program:

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

30 (A) Provide the greatest number of affordable housing units for the amount of funding
31 provided; and

32 (B) Ensure the longest possible use of the real property as affordable housing units.

33 (b) The department, with the advice and consent of the council, may adopt a formula
34 that:

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

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

39 (5)(a) Moneys made available through the program must be distributed statewide and
40 concentrated in areas of this state with the greatest need for affordable housing, as deter-
41 mined by the council. To implement this requirement, the department and the council shall
42 consider the following factors on a county-by-county basis:

43 (A) The proportion of renters in the county who have a severe rent burden;

44 (B) Underserved geographic areas, taking into account the proportion of low income in-
45 dividuals or families compared to the availability of affordable housing within the geographic

1 area; and

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

4 (b) As used in this subsection, “severe rent burden” means rent that is more than 50
5 percent of the income of low income individuals or families.

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

7 (a) Reach traditionally underserved communities, including communities of color and
8 rural communities;

9 (b) Reduce the cost of acquiring, constructing, remodeling, repairing, equipping or fur-
10 nishing real property for the purpose of providing affordable housing; and

11 (c) Involve regional solutions advisory committees and teams, Early Learning Hubs, co-
12 ordinated care organizations and other persons or organizations.

13 (7) The Director of the Housing and Community Services Department shall report regu-
14 larly to the council regarding the status and progress of the program and of the
15 department’s responsibilities for implementing and administering the program.

16 (8) The department shall adopt rules to implement the provisions of this section, includ-
17 ing but not limited to prescribing requirements for acquiring, constructing, remodeling, re-
18 pairing, equipping or furnishing real property for the purpose of providing affordable housing
19 under the program.

20 **SECTION 3.** (1) The Local Innovation and Fast Track Housing Program Fund is estab-
21 lished in the State Treasury, separate and distinct from the General Fund. Interest earned
22 on moneys in the Local Innovation and Fast Track Housing Program Fund shall be credited
23 to the fund.

24 (2) The fund consists of moneys deposited into the fund pursuant to chapter _____,
25 Oregon Laws 2015 (Enrolled House Bill 5005).

26 (3) Moneys in the fund are continuously appropriated to the Housing and Community
27 Services Department for:

28 (a) The purposes described in section 2 of this 2015 Act;

29 (b) Payment of the costs incurred by the department to administer the fund; and

30 (c) Payment of bond-related costs, as defined in ORS 286A.816.

31 **SECTION 4.** ORS 270.100 is amended to read:

32 270.100. (1)(a) Before offering for sale any real property or equitable interest therein owned by
33 the state, the state agency acting for the state in such transaction shall report its intent of sale or
34 transfer to the Oregon Department of Administrative Services. The department, or the agency spe-
35 cifically designated by the department, shall notify other state agencies authorized to own real
36 property of the intended sale or transfer to determine whether acquisition of the real property or
37 interest therein would be advantageous to another state agency.

38 (b) The department shall give political subdivisions, as defined in ORS 271.005, the first oppor-
39 tunity after other state agencies to acquire, purchase, exchange or lease real property to be sold
40 or disposed of by the State of Oregon. The state agency responsible for selling or transferring the
41 property may require at the time of the sale or transfer that any state real property sold or trans-
42 ferred to a political subdivision, as defined in ORS 271.005, shall be for use for a public purpose or
43 benefit, and not be for resale to a private purchaser.

44 (c) If property is not disposed of under paragraph (a) or (b) of this subsection, in accordance
45 with rules adopted by the department, the state agency desiring to sell or transfer the property shall

1 cause it to be appraised by one or more competent and experienced appraisers. Except as provided
2 in ORS 273.825, if such property has an appraised value exceeding \$5,000 it shall not be sold to any
3 private person except after notice calling for such proposals as set forth in ORS 270.130.

4 (d) The department shall adopt rules to carry out the provisions of this section.

5 (2) Before acquisition of any real property or interest therein by any state agency, except for
6 highway right of way acquired by the Department of Transportation and park properties acquired
7 by the State Parks and Recreation Department and property within the approved projected campus
8 boundaries for public universities of the Oregon University System or public universities with gov-
9 erning boards listed in ORS 352.054, the state agency shall report its intent of acquisition to the
10 Oregon Department of Administrative Services. The department shall notify other state agencies
11 owning land of the intended acquisition to determine whether another state agency desires to sell
12 or transfer property which would meet the needs of the purchasing agency. In accordance with rules
13 adopted by the Oregon Department of Administrative Services, if no other state agency desires to
14 sell or transfer property which would meet the needs of the agency, the agency may acquire the real
15 property or interest therein, consistent with applicable provisions of law.

16 (3) Before any terminal disposition of real property or an interest in real property, the state
17 agency acting for the state in the transaction must secure approval of the transaction from the
18 Oregon Department of Administrative Services.

19 (4) Subsection (3) of this section does not apply to terminal disposition of the following real
20 property:

21 (a) Property controlled by the State Department of Fish and Wildlife;

22 (b) State forestlands controlled by the State Forestry Department;

23 (c) Property controlled by the Department of Transportation;

24 (d) Property controlled by the Department of State Lands;

25 (e) Property controlled by the Oregon University System or controlled by public universities
26 with governing boards listed in ORS 352.054;

27 (f) Property controlled by the legislative or judicial branches of state government; and

28 (g) Property controlled by the State Parks and Recreation Department.

29 (5) Notwithstanding the provisions of subsection (4) of this section, prior approval by the Oregon
30 Department of Administrative Services is required for the terminal disposition of public land for less
31 than the fair market value of that land.

32 (6) The provisions of ORS 184.634, 270.005 to 270.015, 270.100 to 270.190, 273.416, 273.426 to
33 273.436, 273.551 and 308A.709 (1) to (4) do not apply to:

34 (a) A home or farm acquired or sold by the Department of Veterans' Affairs under ORS 88.720,
35 406.050, 407.135, 407.145, 407.375 and 407.377.

36 (b) Real property acquired or sold by the Housing and Community Services Department under
37 the provisions of ORS 456.515 to 456.725 or ORS chapter 458 or sections 1 to 3 of this 2015 Act.

38 **SECTION 5. On or before February 1 of each of the years 2016, 2017 and 2018, the Housing**
39 **and Community Services Department shall prepare and submit a report to the interim com-**
40 **mittees of the Legislative Assembly that have authority over the subject area of housing**
41 **regarding the Local Innovation and Fast Track Housing Program and the annual progress**
42 **on implementation of the program. Each report shall include but is not limited to informa-**
43 **tion regarding:**

44 (1) **The amount of funds expended;**

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

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

2 **SECTION 6.** ORS 456.559 is amended to read:

3 456.559. (1) The Housing and Community Services Department shall:

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

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

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

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

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

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

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

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

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

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

44 (3) In accordance with the provisions of this section and with the advice of the council, the
45 department shall establish statewide priorities for housing programs. State agencies shall coordinate

1 their housing programs with the department. All state agencies intending to apply for federal funds
2 for use in planning, developing or managing housing, or rendering assistance to governmental bodies
3 or sponsors or individuals involved therein shall submit a description of the proposed activity to the
4 department for review not less than 30 days prior to the intended date of submission of the appli-
5 cation to the federal agency. The department shall determine whether the proposal would result in
6 a program that would overlap, duplicate or conflict with any other housing program in the state. If
7 the department finds overlapping or duplication or conflict, it shall recommend modifications in the
8 application. The Oregon Department of Administrative Services shall consider these recommen-
9 dations in making its decision to approve or disapprove the application. The department shall com-
10 plete its review and forward its recommendations within 15 working days after receipt of the
11 notification. Failure of the department to complete the review within that time shall constitute ap-
12 proval of the application by the department.

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

16 **SECTION 7. In addition to and not in lieu of any other appropriation, there is appropri-**
17 **ated to the Housing and Community Services Department, for the biennium beginning July**
18 **1, 2015, out of the General Fund, the amount of \$117,779, for payment of expenses related to**
19 **the development of affordable housing for low income individuals or families funded with**
20 **proceeds from bonds issued under authority of Article XI-Q of the Oregon Constitution**
21 **through the Local Innovation and Fast Track Housing Program created under section 2 of**
22 **this 2015 Act.**

23 **SECTION 8. Notwithstanding any other law limiting expenditures, the amount of \$88,979**
24 **is established for the biennium beginning July 1, 2015, as the maximum limit for payment of**
25 **expenses related to the development of affordable housing for low income individuals or**
26 **families funded with proceeds from bonds issued under authority of Article XI-Q of the**
27 **Oregon Constitution through the Local Innovation and Fast Track Housing Program created**
28 **under section 2 of this 2015 Act from fees, moneys or other revenues, including Miscella-**
29 **neous Receipts and reimbursements from federal service agreements, but excluding lottery**
30 **funds and federal funds not described in this section, collected or received by the Housing**
31 **and Community Services Department.**

32 **SECTION 9. This 2015 Act being necessary for the immediate preservation of the public**
33 **peace, health and safety, an emergency is declared to exist, and this 2015 Act takes effect**
34 **July 1, 2015.**