

House Bill 2570

Sponsored by Representative WITT; Representative NOSSE (Pre-session filed.)

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 **as introduced**.

Directs Housing and Community Services Department to establish Affordable Homeownership Grant Program to provide grants to eligible nonprofit organizations with affordable homeownership programs to provide opportunities for homeownership to persons in low income households. Delineates program requirements.

Requires nonprofit organization grant recipients to create revolving fund to purchase or leverage mortgage loans or purchase, construct or rehabilitate homes and manufactured homes for sale to persons in low income households that are first-time homeowners.

Establishes Affordable Homeownership Grant Program Fund and continuously appropriates moneys in fund to department.

Appropriates moneys to department to make grants to eligible nonprofit organizations to participate in program.

A BILL FOR AN ACT

1
2 Relating to nonprofit organizations that provide financial assistance for affordable housing.

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

SECTION 1. As used in sections 1 to 4 of this 2017 Act:

4
5 (1) **"Affordable homeownership program" means a program established, implemented and**
6 **operated by a nonprofit organization whereby affordable housing is made available to persons**
7 **in low income households.**

8 (2) **"Affordable housing" means housing that is affordable for persons in low income**
9 **households.**

10 (3) **"Low income household" means a household having an income equal to or less than**
11 **100 percent of the median household income for the area as determined by the Housing and**
12 **Community Services Department. In making the determination, the department shall give**
13 **consideration to any data on area household income published by the United States Depart-**
14 **ment of Housing and Urban Development.**

15 (4) **"Manufactured home" has the meaning given that term in ORS 446.003.**

16 (5) **"Nonprofit organization" means an organization or group of organizations that is de-**
17 **scribed in section 501(c)(3) of the Internal Revenue Code and is exempt from income tax**
18 **under section 501(a) of the Internal Revenue Code.**

19 (6) **"Nonprofit organization grant program recipient" means a nonprofit organization that**
20 **has been awarded a grant from the Housing and Community Services Department under**
21 **section 2 of this 2017 Act.**

22 **SECTION 2. (1) The Affordable Homeownership Grant Program is established within the**
23 **Housing and Community Services Department. The purpose of the program is to provide**
24 **grants to eligible nonprofit organizations with homeownership programs that will provide**
25 **opportunities for homeownership to persons in low income households.**

26 (2) **The department shall make grants to eligible nonprofit organizations for the following**

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 **purposes:**

2 (a) To purchase or leverage loans made to persons in low income households to purchase
3 or build new homes, replace manufactured homes or acquire and rehabilitate homes; or

4 (b) To purchase, construct or rehabilitate homes and manufactured homes for sale to
5 persons in low income households who are first-time homeowners.

6 (3) The department shall specify by rule the qualifications that a nonprofit organization
7 must demonstrate to be eligible to receive a grant under this section. At a minimum, the
8 nonprofit organization must have established and be operating, or demonstrate that the
9 nonprofit organization will establish and operate, an affordable homeownership program. The
10 department shall ensure that successful nonprofit organization grant recipients are ge-
11 ographically diverse throughout the state.

12 (4) The department shall specify, by rule, an application process for nonprofit organiza-
13 tions to apply to participate in the Affordable Homeownership Grant Program. Upon being
14 awarded a grant under this section, the department and the nonprofit organization grant
15 program recipient shall enter into an agreement that, at a minimum, contains provisions
16 that:

17 (a) Indicate the purposes for which the grant funds may be used;

18 (b) Contain the repayment provisions set forth in subsection (5) of this section;

19 (c) Contain the provisions set forth in subsection (7) of this section;

20 (d) Require the nonprofit organization to create and administer a revolving fund as de-
21 scribed in section 3 of this 2017 Act;

22 (e) Permit the department to conduct audits and investigations of the nonprofit organ-
23 ization regarding the purposes for which grant moneys have been used; and

24 (f) Require annual reports by the nonprofit organization to the department as set forth
25 in subsection (6) of this section.

26 (5) A nonprofit organization grant program recipient will be required to repay to the de-
27 partment, in whole or in part, grant moneys received under this section if and to the extent
28 that:

29 (a) The nonprofit organization does not use the grant funds to create a revolving fund
30 in accordance with section 3 of this 2017 Act;

31 (b) The nonprofit organization does not use the grant funds in accordance with the pro-
32 visions of the grant agreement executed between the department and the nonprofit organ-
33 ization under subsection (4) of this section; or

34 (c) The Director of the Housing and Community Services Department determines that
35 the nonprofit organization must repay all or part of the grant funds on grounds of
36 defalcation, fraud or similar reasons after auditing or investigating the nonprofit
37 organization's operations and conducting an administrative proceeding under ORS 183.413 to
38 183.470.

39 (6)(a) A nonprofit organization grant program recipient must report annually to the de-
40 partment concerning the status and use of grant funds received under this section. The de-
41 partment, by rule, shall specify the information that the report must contain. At a minimum,
42 the report must include:

43 (A) A detailed description of the nonprofit organization grant program recipient's activ-
44 ities as they relate to use of awarded grant funds;

45 (B) A list of each loan that the nonprofit organization grant program recipient has made

1 and a full accounting of the repayment status of these loans;

2 (C) A list of the number of homes or manufactured homes that the nonprofit organiza-
3 tion grant program recipient purchased, constructed, rehabilitated and sold;

4 (D) The nature and amounts of the administrative expenses the nonprofit organization
5 grant program recipient incurs with respect to the revolving fund described in section 3 of
6 this 2017 Act; and

7 (E) Aggregated data concerning the income, racial or ethnic background, family size and
8 related demographic information of persons in low income households who received assist-
9 ance with homeownership opportunities under the Affordable Homeownership Grant Pro-
10 gram from the nonprofit organization grant program recipient, excluding any personal
11 information about an individual.

12 (b) The nonprofit organization grant program recipient must provide the report described
13 in this subsection to the department not later than December 31 of each year.

14 (7)(a) Amounts of loans purchased or leveraged, or made, by a nonprofit organization
15 grant program recipient under this section shall not constitute a debt of the state or a
16 lending of the credit of the state within the meaning of any constitutional or statutory lim-
17 itation, although nothing in this subsection or in the terms of an agreement between the
18 department and a nonprofit organization grant program recipient is intended to impair the
19 rights of the nonprofit organization to exercise any rights granted to the nonprofit organ-
20 ization against the security for the mortgage loan.

21 (b) The department may not pay amounts for grants under this section from any source
22 other than available funds in the Affordable Homeownership Grant Program Fund estab-
23 lished in section 4 of this 2017 Act.

24 **SECTION 3.** (1) A nonprofit organization grant program recipient must use grant funds
25 awarded under section 2 of this 2017 Act to create and administer a revolving fund that the
26 nonprofit organization grant program recipient uses to:

27 (a) Purchase or leverage mortgage loans originated or made by third parties for the
28 benefit of persons in low income households to purchase or build new homes, replace manu-
29 factured homes or acquire and rehabilitate homes; or

30 (b) Purchase, construct or rehabilitate homes and manufactured homes for sale to per-
31 sons in low income households that are first-time homeowners.

32 (2) A nonprofit organization grant program recipient shall establish, in consultation with
33 the Housing and Community Services Department, eligibility requirements and standards for
34 persons in low income households to participate in the nonprofit organization's affordable
35 homeownership program.

36 (3) The nonprofit organization grant program recipient shall deposit payments that bor-
37 rowers make on mortgage loans into the revolving fund created under this section.

38 (4) A nonprofit organization grant program recipient may charge a third party interest
39 or a discount on loans purchased or leveraged by the nonprofit organization.

40 (5) A nonprofit organization grant program recipient may receive and deposit into the
41 revolving fund created under this section contributions, donations, grants and other trans-
42 fers of money from any source, public or private. The nonprofit organization grant program
43 recipient shall keep accounts and records that identify the source and nature of the transfers
44 and withdrawals made to and from the revolving fund.

45 **SECTION 4.** (1) There is established in the State Treasury, separate and distinct from the

1 **General Fund, the Affordable Homeownership Grant Program Fund. Interest earned on the**
2 **Affordable Homeownership Grant Program Fund must be credited to the fund. Moneys in the**
3 **Affordable Homeownership Grant Program Fund are continuously appropriated to the Hous-**
4 **ing and Community Services Department to make grants to eligible nonprofit organizations**
5 **with affordable homeownership programs.**

6 (2) **Moneys in the Affordable Homeownership Grant Program Fund may be used by the**
7 **department to pay for the administrative expenses of the department in establishing, imple-**
8 **menting and administering the Affordable Homeownership Grant Program.**

9 (3) **The Affordable Homeownership Grant Program Fund consists of:**

10 (a) **Moneys appropriated to the fund by the Legislative Assembly;**

11 (b) **Repayment of grant funds under section 2 (5) of this 2017 Act;**

12 (c) **Moneys transferred to the fund from the federal or state government or from private**
13 **contributions;**

14 (d) **Application fees, if any;**

15 (e) **Interest and other earnings on moneys in the fund; and**

16 (f) **Gifts, grants or donations received from any source.**

17 **SECTION 5.** **In addition to and not in lieu of any other appropriation, there is appropri-**
18 **ated to the Housing and Community Services Department, for the biennium beginning July**
19 **1, 2017, out of the General Fund, the amount of \$25 million, which may be expended to es-**
20 **tablish and implement the Affordable Homeownership Grant Program under sections 1 to 4**
21 **of this 2017 Act.**

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