

Enrolled
House Bill 2912

Sponsored by Representatives GOMBERG, HUFFMAN, JOHNSON, KENY-GUYER; Representatives MCLAIN, NOBLE, Senator THOMSEN

CHAPTER

AN ACT

Relating to a program for affordable housing land acquisition development.

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

SECTION 1. (1) **The Affordable Housing Land Acquisition Revolving Loan Program is established within the Housing and Community Services Department. The purpose of the program is to provide financial assistance to eligible organizations to purchase land for affordable housing development. The department may contract with a qualifying nonprofit organization to serve in a fiduciary capacity as program administrator.**

(2) **The department or the program administrator, with the department’s approval, may make loans to eligible organizations to purchase land on which to develop affordable housing and to build facilities intended to provide supportive services to affordable housing residents and low income households in the nearby community.**

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

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

(5) **Forty percent of loans made by the program shall go to eligible organizations operating home ownership programs for low income households. If the entire 40 percent cannot be loaned to the types of eligible organizations described in this subsection, the remainder may be loaned to other eligible organizations under subsection (6) of this section.**

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

(7) **Within five years of receiving a loan, a loan recipient must present the department or the program administrator with an updated development plan, including a proposed development design, committed and anticipated additional financial resources to be dedicated to the development and an estimated development schedule that indicates completion of the development within eight years of receipt of the loan. The updated development plan must**

be substantially consistent with the development plan submitted as part of the original loan application required in subsection (4) of this section.

(8) Within eight years of receiving a loan under this section, a loan recipient must complete development of affordable housing on the property for which the loan was made and place the affordable housing into service.

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

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

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

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

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

(13) The department, or the program administrator with the approval of the department, must develop performance measures for the program, including at a minimum measures related to:

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

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

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

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

(15) For purposes of this section, "low income household" has the meaning given that term in ORS 456.270.

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

Passed by House July 5, 2017

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Timothy G. Sekerak, Chief Clerk of House

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Tina Kotek, Speaker of House

Passed by Senate July 7, 2017

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Peter Courtney, President of Senate

Received by Governor:

.....M,....., 2017

Approved:

.....M,....., 2017

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Kate Brown, Governor

Filed in Office of Secretary of State:

.....M,....., 2017

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Dennis Richardson, Secretary of State