

House Bill 2912

Sponsored by Representatives GOMBERG, HUFFMAN, JOHNSON, KENY-GUYER

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**.

Establishes Affordable Housing Land Acquisition Revolving Loan Fund Program within Housing and Community Services Department to make loans to eligible organizations to purchase land for affordable housing development and to provide supportive services to residents and low income households. Authorizes department to contract with nonprofit organization to serve as program administrator.

Provides for repayment of loans for noncompliance with development plans. Requires completion of development within eight years. Requires development of performance measures and report to Legislative Assembly on December 1st of each year.

Establishes Affordable Housing Land Acquisition Revolving Loan Fund and continuously appropriates moneys in fund to department.

A BILL FOR AN ACT

1
2 Relating to a program for affordable housing land acquisition development.

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

4 **SECTION 1. (1) The Affordable Housing Land Acquisition Revolving Loan Fund Program**
5 **is established within the Housing and Community Services Department. The purpose of the**
6 **program is to provide financial assistance to eligible organizations to purchase land for af-**
7 **fordable housing development. The department may contract with a qualifying nonprofit or-**
8 **ganization to serve in a fiduciary capacity as program administrator.**

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

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

17 (4) Each eligible organization must include in the organization's loan application a pro-
18 posed affordable housing development plan that indicates the number of affordable housing
19 units planned, a description of any other facilities that are being considered for the property
20 and an estimated timeline for completion of the development. The department or the
21 department's program administrator may require additional information from eligible or-
22 ganizations and may consider the efficient use of land, project readiness, organizational ca-
23 pacity and other factors as criteria in making loans.

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

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

3 (7) Within five years of receiving a loan, a loan recipient must present the department
 4 or the program administrator with an updated development plan, including a proposed de-
 5 velopment design, committed and anticipated additional financial resources to be dedicated
 6 to the development and an estimated development schedule that indicates completion of the
 7 development within eight years of receipt of the loan. The updated development plan must
 8 be substantially consistent with the development plan submitted as part of the original loan
 9 application required in subsection (4) of this section.

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

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

15 (10)(a) If a loan recipient does not place affordable housing into service on a property for
 16 which a loan was received under this section within the eight-year period specified in sub-
 17 section (8) of this section, or if a loan recipient fails to use the property for the intended
 18 affordable housing purpose consistent with the loan recipient's original affordable housing
 19 development plan, the loan recipient must pay to the department an amount consisting of
 20 the principal of the original loan plus compounded interest calculated at the current market
 21 rate. The department shall develop guidelines for the time period in which this repayment
 22 must take place and include the time period in the original loan agreement entered into with
 23 the loan recipient. The department may grant a partial or total exemption from this repay-
 24 ment requirement if the department determines that a development is substantially complete
 25 or that the property has been substantially used as described in the original affordable
 26 housing development plan. Any repayment of funds received under this subsection as a result
 27 of noncompliance with loan requirements must be deposited into the Affordable Housing
 28 Land Acquisition Revolving Loan Fund established in section 2 of this 2017 Act for the pur-
 29 poses of the program.

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

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

37 (12) Interest rates on loans granted under this section may not exceed one percent. All
 38 loan repayment moneys received shall be deposited into the Affordable Housing Land Acqui-
 39 sition Revolving Loan Fund established in section 2 of this 2017 Act for the purposes of the
 40 program.

41 (13) The department, or the program administrator with the approval of the department,
 42 must develop performance measures for the program, including at a minimum measures re-
 43 lated to:

- 44 (a) The ability of eligible organizations to access land for affordable housing development;
- 45 (b) The total number of dwelling units by housing type and the total number of low in-

1 come households and persons served; and

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

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

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

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

14 **SECTION 2.** (1) The Affordable Housing Land Acquisition Revolving Loan Fund is estab-
15 lished in the State Treasury, separate and distinct from the General Fund. Interest earned
16 by the Affordable Housing Land Acquisition Revolving Loan Fund shall be credited to the
17 fund. All moneys in the Affordable Housing Land Acquisition Revolving Loan Fund are con-
18 tinuously appropriated to the Housing and Community Services Department for the purposes
19 of carrying out the Affordable Housing Land Acquisition Revolving Loan Fund Program es-
20 tablished under section 1 of this 2017 Act.

21 (2) If the department has contracted with an administrator under section 1 (1) of this
22 2017 Act, the administrator may, with the department’s approval, administer the Affordable
23 Housing Land Acquisition Revolving Loan Fund in accordance with a memorandum of
24 understanding between the department and the administrator.

25 (3) The Affordable Housing Land Acquisition Revolving Loan Fund shall consist of:

26 (a) Moneys transferred to the fund by the Housing and Community Services Department;

27 (b) Moneys transferred to the fund by the federal government, state agencies or local
28 governments;

29 (c) Moneys transferred to the fund by the Legislative Assembly;

30 (d) Repayment of loans or payments received from loan recipients for noncompliance
31 under section 1 (10) of this 2017 Act;

32 (e) Earnings on moneys in the fund; and

33 (f) Moneys deposited in the fund from any other source.

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