

House Bill 3192

Sponsored by Representative MEEK; Representatives HEARD, HERNANDEZ, KENNEMER, 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 Homeownership Down Payment Assistance Program within Housing and Community Services Department to provide grants to eligible nonprofit organizations, housing authorities and local governments to provide financial assistance to first-time home buyers in low income households. Delineates program requirements.

Establishes Homeownership Down Payment Assistance Program Fund and continuously appropriates moneys in fund to department.

Appropriates moneys to department to make grants to eligible nonprofit organizations, housing authorities and local government to participate in program.

Makes program and fund operative January 1, 2018.

Declares emergency, effective July 1, 2017.

A BILL FOR AN ACT

1
2 Relating to providing financial assistance to first-time home buyers from low income households; and
3 declaring an emergency.

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

SECTION 1. As used in sections 1 to 3 of this 2017 Act:

5
6 (1) **“Allowable closing costs” means disbursements listed in a settlement statement for
7 the purchase of a single family residence by a first-time home buyer.**

8 (2) **“Eligible costs” means the down payment and allowable closing costs for the purchase
9 of a single family residence by a first-time home buyer.**

10 (3) **“First-time home buyer” means an individual who:**

11 (a) **Has been a resident of this state for a minimum of six consecutive months;**

12 (b) **Is a member of a low income household; and**

13 (c) **Has not owned or purchased, either individually or jointly, a single family residence
14 during a period of three years immediately prior to the date of the purchase of a single
15 family residence.**

16 (4) **“Grant program recipient” means a nonprofit organization, housing authority or local
17 government that has been awarded a grant from the Housing and Community Services De-
18 partment under section 2 of this 2017 Act.**

19 (5) **“Housing authority” means any housing authority established pursuant to ORS 456.055
20 to 456.235.**

21 (6) **“Local government” has the meaning given that term in ORS 174.116.**

22 (7) **“Low income household” means a household having an income equal to or less than
23 100 percent of the median household income for the county in which the household is located,
24 adjusted for family size, as determined by the Housing and Community Services Department.
25 In making the determination, the department shall give consideration to any data on area
26 household income published by the United States Department of Housing and Urban Devel-
27 opment.**

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 (8) “Nonprofit organization” means an organization or group of organizations that is de-
 2 scribed in section 501(c)(3) of the Internal Revenue Code and is exempt from income tax
 3 under section 501(a) of the Internal Revenue Code.

4 (9) “Single family residence” means a dwelling that is intended for occupation by a single
 5 family unit and that is owned and occupied by an individual who is a first-time home buyer
 6 as the individual’s principal residence. “Single family residence” includes a manufactured
 7 dwelling, as defined in ORS 446.003, or condominium unit.

8 **SECTION 2.** (1) The Homeownership Down Payment Assistance Program is established
 9 within the Housing and Community Services Department. The purpose of the program is to
 10 provide grants to eligible nonprofit organizations, housing authorities and local governments
 11 to provide financial assistance to eligible first-time home buyers for the purchase of a single
 12 family residence. The program shall be implemented in a geographically diverse manner
 13 throughout this state with priority given to areas of this state with demonstrated need for
 14 first-time home buyer assistance.

15 (2) Nonprofit organizations, housing authorities and local governments are eligible to
 16 participate in the program upon establishing that the organization, authority or local gov-
 17 ernment is operating, or will be operating, a first-time home buyer homeownership program
 18 that provides financial assistance to first-time home buyers to pay for eligible costs.

19 (3) In addition to the requirements of subsection (2) of this section, the department shall
 20 specify by rule other qualifications that an organization, authority or local government must
 21 demonstrate to be eligible to receive a grant under this section. At a minimum, the organ-
 22 ization, authority or local government must demonstrate the capacity to administer grant
 23 funds received under this section and the ability to comply with the requirements of all state
 24 and federal laws, rules and regulations.

25 (4) The department shall specify by rule an application process for organizations, au-
 26 thorities and local governments to apply to participate in the program. The application pro-
 27 cess may include a request for proposals. Upon being awarded a grant under this section, the
 28 grant program recipient shall enter into an agreement with the department that, at a mini-
 29 mum, contains provisions that:

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

31 (b) Limit the amount of financial assistance provided by the grant program recipient to
 32 a first-time home buyer to a maximum of \$20,000;

33 (c) Require the grant program recipient to require the first-time home buyer to whom
 34 financial assistance is provided to complete a home buyer education class from a counseling
 35 agency that has been approved by the United States Department of Housing and Urban De-
 36 velopment;

37 (d) Include the repayment provisions set forth in subsection (5) of this section;

38 (e) Include the provisions set forth in subsection (7) of this section;

39 (f) Permit the Housing and Community Services Department to conduct audits and in-
 40 vestigations of the organization, authority or local government regarding the purposes for
 41 which grant moneys have been used; and

42 (g) Require annual reports by the organization, authority or local government to the de-
 43 partment as set forth in subsection (6) of this section.

44 (5) A grant program recipient will be required to repay to the department, in whole or
 45 in part, grant moneys received under this section if and to the extent that:

1 (a) The grant program recipient does not use the grant funds in accordance with the
2 provisions of the grant agreement executed between the department and the grant program
3 recipient under subsection (4) of this section; or

4 (b) The Director of the Housing and Community Services Department determines that
5 the grant program recipient must repay all or part of the grant funds on grounds of
6 defalcation, fraud or similar reasons after auditing or investigating the grant program
7 recipient's operations and conducting an administrative proceeding under ORS 183.413 to
8 183.470.

9 (6)(a) A grant program recipient must report annually to the department concerning the
10 status and use of grant funds received under this section. The department, by rule, shall
11 specify the information that the report must contain. At a minimum, the report must in-
12 clude:

13 (A) A detailed description of the grant program recipient's activities as they relate to the
14 use of awarded grant funds;

15 (B) A list of each grant, loan or other financial assistance that the grant program re-
16 cipient has provided and, where applicable, a full accounting of the repayment status of the
17 loans;

18 (C) A list of the first-time home buyers that the grant program recipient has provided
19 financial assistance to for the purchase of single family residences;

20 (D) The nature and amounts of the administrative expenses the grant program recipient
21 incurred with respect to providing the first-time home buyer assistance under this section;
22 and

23 (E) Aggregated data concerning the income, racial or ethnic background, family size and
24 related demographic information of first-time home buyers who received assistance with el-
25 igible costs for the purchase of single family residences under the program, excluding any
26 personal information about an individual.

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

29 (7)(a) Amounts of loans purchased, leveraged or made by a grant program recipient under
30 this section shall not constitute a debt of the state or a lending of the credit of the state
31 within the meaning of any constitutional or statutory limitation, although nothing in this
32 subsection or in the terms of an agreement between the department and a grant program
33 recipient is intended to impair the rights of the grant program recipient to exercise any
34 rights granted to the grant program recipient against the security for the loan.

35 (b) The department may not pay amounts for financial assistance under this section from
36 any source other than available funds in the Homeownership Down Payment Assistance
37 Program Fund established in section 3 of this 2017 Act.

38 **SECTION 3.** (1) There is established in the State Treasury, separate and distinct from the
39 General Fund, the Homeownership Down Payment Assistance Program Fund. Interest
40 earned by the Homeownership Down Payment Assistance Program Fund shall be credited to
41 the fund. All moneys in the Homeownership Down Payment Assistance Program Fund are
42 continuously appropriated to the Housing and Community Services Department to award
43 grants to eligible nonprofit organizations, housing authorities and local governments under
44 section 2 of this 2017 Act.

45 (2) Moneys in the Homeownership Down Payment Assistance Program Fund may be used

1 by the department to pay for the administrative expenses of the department in establishing,
2 implementing and administering the Homeownership Down Payment Assistance Program.

3 (3) The Homeownership Down Payment Assistance Program Fund consists of:

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

5 (b) Grant funds repaid under section 2 (5) of this 2017 Act;

6 (c) Moneys transferred to the fund from the federal or state government;

7 (d) Application fees, if any;

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

9 (f) Gifts, grants and donations received from any source.

10 **SECTION 4.** In addition to and not in lieu of any other appropriation, there is appropri-
11 ated to the Housing and Community Services Department, for the biennium beginning July
12 1, 2017, out of the General Fund, the amount of \$5,000,000, which may be expended to estab-
13 lish and implement the Homeownership Down Payment Assistance Program under sections
14 1 to 3 of this 2017 Act.

15 **SECTION 5.** (1) Sections 1 to 3 of this 2017 Act become operative on January 1, 2018.

16 (2) The Director of the Housing and Community Services Department may take any
17 action before the operative date specified in subsection (1) of this section that is necessary
18 to enable the director to exercise, on and after the operative date specified in subsection (1)
19 of this section, all of the duties, functions and powers conferred on the director by sections
20 1 to 3 of this 2017 Act.

21 **SECTION 6.** This 2017 Act being necessary for the immediate preservation of the public
22 peace, health and safety, an emergency is declared to exist, and this 2017 Act takes effect
23 July 1, 2017.
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