

# House Bill 4121

Sponsored by Representative MARSH; Representatives KENY-GUYER, NOBLE, OLSON, SANCHEZ, Senator BOQUIST (Presession 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**.

Requires Housing and Community Services Department to establish and administer program that provides incentive payments to construction contractors undertaking energy improvement projects on residential structures and provides grants for energy improvement projects for manufactured dwellings. Requires that contractors use incentive payments to reduce amounts paid by property owners for projects. Reserves portions of program moneys for activities promoting healthy affordable housing environments and for grants relating to manufactured dwellings owned and occupied by persons having low income or very low income. Limits program expenditures for biennium ending June 30, 2019. Sunsets program January 2, 2022.

Requires sustainable energy project manager to refer applicant for small scale energy loan to department if applicant has income qualifying applicant for department weatherization program.

Authorizes department to enter into agreements with other units of state government to facilitate department administration of home weatherization programs for persons with low income or very low income.

Declares emergency, effective on passage.

## A BILL FOR AN ACT

1  
2 Relating to Housing and Community Services Department programs; and declaring an emergency.

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

### **SECTION 1. As used in sections 1 to 6 of this 2018 Act:**

4  
5 (1) **“Construction contractor” means a person holding a license endorsement listed under**  
6 **ORS 701.021 (2)(a) to (c).**

7 (2)(a) **“Energy improvement project” means construction, reconstruction, alteration or**  
8 **repair that:**

9 (A) **Reduces the energy requirements of a residential structure through energy conser-**  
10 **vation or increased energy efficiency;**

11 (B) **Replaces, or extends the economic life of, a manufactured dwelling or makes im-**  
12 **provements to the water or sewer systems serving the manufactured dwelling, as provided**  
13 **under section 6 of this 2018 Act;**

14 (C) **Generates energy for a residential structure through solar technology; or**

15 (D) **Creates all or part of a solar technology system serving a community.**

16 (b) **“Energy improvement project” does not include a project related to:**

17 (A) **Ground-source heat pumps;**

18 (B) **Swimming pool heating; or**

19 (C) **Hot tubs or spas.**

20 (3) **“Low income” and “very low income” have the meanings given those terms in ORS**  
21 **458.610.**

22 (4) **“Median income” means the median family income for an area, subject to adjustment**  
23 **for areas having unusually high or low incomes or housing costs, all as determined by the**  
24 **Oregon Housing Stability Council based on information from the United States Department**

**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 of Housing and Urban Development.

2 (5) "Residential structure" has the meaning given that term in ORS 701.005.

3 **SECTION 2.** (1) The Housing and Community Services Department shall establish and  
4 administer a program that:

5 (a) Provides incentive payments under this section to construction contractors under-  
6 taking energy improvement projects;

7 (b) Provides funding for activities described in section 5 (2) of this 2018 Act; and

8 (c) Provides grants for energy improvement projects under section 6 of this 2018 Act.

9 (2) The department shall determine the incentive payment for an energy improvement  
10 project under this section by multiplying a payment rate by the number of units of increased  
11 energy efficiency or energy generation resulting from the project. For an improvement  
12 project that reduces electrical energy requirements, the units of increased energy efficiency  
13 shall be determined based on the projected reduction in electrical energy requirements  
14 measured in kilowatt-hours. For an improvement project that reduces natural gas energy  
15 requirements, the units of increased energy efficiency shall be determined based on the  
16 projected reduction in natural gas energy requirements measured in therms. For an im-  
17 provement project that reduces wood or oil energy requirements, the units of increased en-  
18 ergy efficiency shall be determined based on the projected reduction in wood or oil energy  
19 requirements measured in millions of British thermal units (MMBTU). For an improvement  
20 project that generates energy for a residential structure through solar technology or creates  
21 all or part of a solar technology system serving a community, the units of increased energy  
22 generation shall be determined based on the amount of energy projected to be generated,  
23 expressed in kilowatt-hours.

24 (3) The department shall establish payment rate schedules by rule. The department shall  
25 conduct a biennial review to determine whether payment rate schedules should be modified.  
26 The department shall adopt payment rate schedules that on average pay incentives equal to  
27 20 percent of the cost for an energy improvement project but that provide higher payment  
28 rates for energy improvement projects on properties owned or occupied by persons or fami-  
29 lies of median income, low income or very low income. If the property owner had an adjusted  
30 gross income for federal tax purposes during the most recently completed tax year of  
31 \$200,000 or more, the payment rate for any energy improvement project on the property is  
32 zero. The department shall condition incentive payments upon the property owner verifying  
33 by affidavit or other documentation that the adjusted gross income of the property owner in  
34 the most recently completed tax year was less than \$200,000.

35 (4) The department shall develop and make available means for a construction contractor  
36 to readily estimate the reduced energy requirements or amount of energy generation that  
37 may be expected to result from an energy improvement project and estimate the corre-  
38 sponding incentive payment. The contractor may monthly submit information to the de-  
39 partment that includes a listing of incentive payment estimates for one or more  
40 improvement projects the contractor intends to carry out. The information must be sub-  
41 mitted in a form and manner acceptable to the department. The contractor shall include the  
42 amount of the estimated incentive payment for an improvement project as a line item on a  
43 written contract for the improvement project. The contractor shall apply the full estimated  
44 incentive payment amount to reduce the amount that would otherwise be owed by the prop-  
45 erty owner under the contract.

1 (5) Except as otherwise provided in this subsection, upon receipt of a form from a con-  
 2 struction contractor under subsection (4) of this section, the department shall reserve  
 3 moneys for later disbursement as an incentive payment to the contractor for each qualifying  
 4 energy improvement project listed on the form. The department may not reserve moneys for  
 5 an incentive payment for an improvement project if the estimated incentive payment is less  
 6 than \$250. The department shall remove the moneys for an incentive payment for an im-  
 7 provement project from reserve if the department does not receive proof, on or before the  
 8 210th day after receiving information for the project under subsection (4) of this section, that  
 9 the improvement project has been completed. An incentive payment for which moneys are  
 10 reserved is owed by the department upon timely receipt of proof acceptable to the depart-  
 11 ment that the contractor has completed the improvement project. Incentive payments for  
 12 which moneys are not in reserve are contingent on the availability of funds and are inferior  
 13 in priority to any incentive payments for which moneys are in reserve. If the department  
 14 denies all or part of an incentive payment due to the lack of available funds, the contractor  
 15 may not recover the denied portion of the incentive payment from the property owner.

16 **SECTION 3.** (1) Except as provided in sections 4 and 6 of this 2018 Act, the amount paid  
 17 from the program described in section 2 of this 2018 Act during a calendar year for energy  
 18 improvement projects:

19 (a) For a single-family residence may not exceed \$4,500; and

20 (b) For a multifamily residential structure may not exceed \$4,500 for a dwelling unit or  
 21 \$45,000 total for the structure.

22 (2) The Housing and Community Services Department may make incentive payments  
 23 under section 2 of this 2018 Act for an energy improvement project for a rental dwelling unit  
 24 only if the landlord presents proof acceptable to the department that the residential struc-  
 25 ture is affordable housing, as defined by the department, or is owned by a nonprofit organ-  
 26 ization.

27 **SECTION 4.** The amount paid from the program described in section 2 of this 2018 Act  
 28 for an energy improvement project that generates energy for a residential structure through  
 29 solar technology or creates all or part of a solar technology system serving a community  
 30 may not, for a single-family residence or a dwelling unit in a multifamily residential struc-  
 31 ture, exceed:

32 (1) \$4,500 during the 2018 calendar year;

33 (2) \$3,000 during the 2019 calendar year;

34 (3) \$2,000 during the 2020 calendar year; or

35 (4) \$2,000 during the 2021 calendar year.

36 **SECTION 5.** (1) As used in this section, “affordable housing” includes, but is not limited  
 37 to, a residential structure owned and occupied by persons having low income or very low  
 38 income.

39 (2) The Housing and Community Services Department shall annually allocate at least 25  
 40 percent of the amount available for payment under the program described in section 2 (1)  
 41 of this 2018 Act for the purposes of maximizing energy efficiency, extending the usable life  
 42 of affordable housing and improving the health and safety of occupants of affordable housing.

43 (3) The department may expend up to 90 percent of the moneys allocated under sub-  
 44 section (2) of this section to:

45 (a) Develop improved methods for evaluating health hazards in affordable housing;

1 (b) Develop improved methods for preventing or reducing health hazards in affordable  
2 housing;

3 (c) Support the development of objective standards for identifying healthy affordable  
4 housing environments;

5 (d) Evaluate the long-term cost effectiveness of activities described in paragraphs (a) to  
6 (c) of this subsection; and

7 (e) Promote the incorporation of methods and standards for the development of healthy  
8 affordable housing environments into ongoing practices and systems, including, but not lim-  
9 ited to, practices and systems regarding fitness for habitation, construction, rehabilitation  
10 and maintenance of affordable housing.

11 **SECTION 6.** (1) Not less than 10 percent of the moneys that the Housing and Community  
12 Services Department allocates under section 5 of this 2018 Act shall be expended in the form  
13 of grants to replace, or extend the economic lives of, manufactured dwellings owned and  
14 occupied by persons of low income or very low income or to improve water or sewer systems  
15 serving manufactured dwellings owned and occupied by persons of low income or very low  
16 income. The department shall give grant preference to an energy improvement project re-  
17 garding a manufactured dwelling that:

18 (a) Was constructed prior to June 15, 1976; or

19 (b) Was constructed on or after June 15, 1976, and prior to October 1, 1988, and is de-  
20 termined by the department to be in serious disrepair.

21 (2) An existing or replacement manufactured dwelling for which a grant is issued under  
22 this section must:

23 (a) Be permanently installed at a site in accordance with federal Manufactured Home  
24 Construction and Safety Standards (24 C.F.R. 3280) and HOME Investment Partnerships  
25 Program property standards (24 C.F.R. 92.251);

26 (b) Unless subject to a rule described in subsection (5) of this section, be located in a  
27 manufactured dwelling park that is listed in the department's affordable housing portfolio  
28 and is in good standing with the department; and

29 (c) Be owned by:

30 (A) A nonprofit organization;

31 (B) An entity having a nonprofit organization as its sole member;

32 (C) A public body as defined in ORS 174.109;

33 (D) An entity having a public body as its sole member; or

34 (E) An individual.

35 (3) If the energy improvement project involves the replacement of a manufactured  
36 dwelling:

37 (a) The replacement dwelling must meet or exceed the NEEM 2.0 energy efficiency spec-  
38 ification established under the Northwest Energy Efficient Manufactured Home Program;

39 (b) The water and sewer systems serving the dwelling must be in serviceable condition  
40 or be improved in conjunction with the dwelling replacement; and

41 (c) The moneys from a grant under this section may be expended for any purpose that  
42 is related to the replacement of the dwelling, including, but not limited to, the removal and  
43 deconstruction of the replaced dwelling and the purchase and installation of the replacement  
44 dwelling.

45 (4) If the energy improvement project does not involve the replacement of a manufac-

1 tured dwelling:

2 (a) The water and sewer systems serving the dwelling must be in serviceable condition  
3 or be improved in conjunction with the improvement project;

4 (b) The manufactured dwelling must have at least 15 years of economic life remaining  
5 immediately prior to the improvement project; and

6 (c) The savings resulting from reduced energy requirements and other benefits of the  
7 improvement project must exceed the cost of the improvement project.

8 (5) The department shall adopt rules establishing limits on grants for energy improve-  
9 ment projects under this section. The department shall cooperate with the Community  
10 Action Partnership of Oregon, or any successor to that organization, to identify reasonable  
11 provisions for inclusion in department rules regarding grants for improvement projects for  
12 manufactured dwellings that are sited on property having common ownership with the  
13 dwelling.

14 SECTION 7. The amount of \$18 million is established for the biennium ending June 30,  
15 2019, as the maximum limit for payment of expenses by the Housing and Community Services  
16 Department to carry out the program described in section 2 (1) of this 2018 Act from any  
17 moneys appropriated or otherwise provided for purposes of the program.

18 SECTION 8. The Housing and Community Services Department may enter into intera-  
19 gency agreements with other units of state government, as defined in ORS 174.111, for the  
20 purpose of facilitating the carrying out of department programs that provide home  
21 weatherization assistance.

22 SECTION 9. Section 10 of this 2018 Act is added to and made a part of ORS chapter 470.

23 SECTION 10. The program described in section 2 of this 2018 Act is a weatherization  
24 program for purposes of referral to the Housing and Community Services Department under  
25 ORS 470.650.

26 SECTION 11. (1) Sections 1, 2, 3, 4, 5 and 6 of this 2018 Act are repealed January 2, 2022.

27 (2) Notwithstanding subsection (1) of this section, if the Housing and Community Services  
28 Department reserves moneys under section 2 of this 2018 Act on or before December 31, 2021,  
29 for the purpose of making an incentive payment to a construction contractor, the depart-  
30 ment may make the incentive payment if the department receives proof, not later than the  
31 210th day after the department receives the monthly form under section 2 (4) of this 2018  
32 Act listing the energy improvement project, that the contractor has completed the project.

33 SECTION 12. This 2018 Act being necessary for the immediate preservation of the public  
34 peace, health and safety, an emergency is declared to exist, and this 2018 Act takes effect  
35 on its passage.

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