

HB 2002 STAFF MEASURE SUMMARY

House Committee On Human Services and Housing

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Sub-Referral To: Joint Committee On Ways and Means

Meeting Dates: 3/18, 4/3, 4/8

WHAT THE MEASURE DOES:

Requires owners of publicly supported housing to notify qualified purchasers (local governments or Oregon Housing and Community Services (OHCS) or its designees) at least 24 months prior to the date when a contract term will expire, or when the owner intends to withdraw the participating property from publicly supported housing. Requires owners to extend affordability restrictions on subject properties by at least 24 months if notice does not meet 24-month requirement. Allows property owners to withdraw from publicly supported housing requirements or terminate affordability restrictions under certain circumstances. Requires property owners to make relevant documents available to qualified purchasers within 30 days of a request. Requires property owners to extend right of first refusal to qualified purchasers for up to 60 months following expiration of affordability restriction. Requires third-party purchasers to accept purchase offer on the same terms as property owner if received within one year of closing whenever property owner fails to extend right of first refusal to qualified purchasers. Authorizes issuance of lottery bonds to generate \$25 million net proceeds for establishment of the Affordable Housing Preservation Fund for preservation of publicly supported housing. Prohibits interpretation of provisions to allow property owners to terminate or breach contracts or limit rights of tenants who may enforce affordability restrictions. Specifies that local governments and OHCS are not required to purchase or condemn any property or to maintain affordability restrictions. Prohibits property owners from taking action during contract term that would materially interfere with qualified purchaser's ability to maintain participating property as publicly supported housing.

ISSUES DISCUSSED:

- Preservation of existing supply of affordable housing
- Difficulty assessing exact number of affordable units at risk of being converted to market rate
- Number of properties with rental subsidies that will expire over next seven years

EFFECT OF AMENDMENT:

[-2 amendment, dated 04.03.19] Refines underlying measure. Requires notice of event resulting in withdrawal of property from publicly supported housing to be between 36 and 30 months prior to contract end, and between 30 and 24 months prior to any/all such events. Allows OHCS to prescribe form of notice. Provides for notice and formal recordation of right of first refusal, as specified. Changes amount of time from 13 to 24 months (for any event), and from 24 to 30 months (for contract end), after provision of required notices, that property may be removed from supply of publicly supported housing. Requires qualified purchasers to include commitment to comparable contract terms to preserve affordability when communicating matching offer pursuant to exercise of right of first refusal. Removes requirement that third-party purchasers accept offers on same terms as property owner if received within one year of closing whenever property owner fails to extend right of first refusal to qualified purchasers. Removes 60-month time periods. Includes long-term lessees in definition of property owner. Defines third party offerors. Delays effective date 30 months.

BACKGROUND:

In Oregon, property owners that participate in federal housing programs designed to keep rents affordable for tenants, are required to provide notice when their contracts with the United States Department of Housing and

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Urban Development are going to expire. This notice must also be given to each local government that has requested it, and each affected tenant. In 2017, the Legislative Assembly passed House Bill 2002 (coincidentally) requiring such notice to be provided two years before contract expiration or any other event causing the property to be withdrawn from the pool of publicly supported housing, and allowing local government to impose penalties for failure to provide such notice. In addition, the measure required owners of publicly supported housing to provide Oregon Housing and Community Services (OHCS) and local governments an opportunity to purchase the property (the right of first refusal).

House Bill 2002 (2019) clarifies and refines provisions affecting the withdrawal or removal of properties from the current supply of publicly supported housing to safeguard opportunities to preserve such housing and to ensure all involved parties receive adequate notice. The measure also authorizes issuance of lottery bonds to produce at least \$25 million net proceeds for deposit into an Affordable Housing Preservation Fund, distinct from the General Fund, for continuous appropriation to OHCS to preserve publicly supported housing.