

A-Engrossed
House Bill 2761

Ordered by the House March 30
Including House Amendments dated March 30

Sponsored by Representative NOSSE; Representative GAMBA (Pre-session 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.

Expands Housing and Community Services Department ability to allow financing of certain affordable residential units within [*mixed-income or mixed-use*] **certain** housing developments subject to limits established by Oregon Housing Stability Council.

A BILL FOR AN ACT

1
2 Relating to financing of affordable housing by Housing and Community Services Department;
3 amending ORS 456.605, 456.620 and 456.690.

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

5 **SECTION 1.** ORS 456.620 is amended to read:

6 456.620. In carrying out housing programs, the Housing and Community Services Department
7 shall:

8 (1) With the approval of the Oregon Housing Stability Council, adopt standards for the planning,
9 development and management of housing projects for which qualified housing sponsors receive all
10 or a portion of any required financing under ORS 456.548 to 456.725, for audits and inspections to
11 determine compliance with such standards and adopt criteria for the approval of qualified housing
12 sponsors under ORS 456.548 to 456.725.

13 (2) Adopt criteria by which the department may approve or disqualify qualified housing sponsors.

14 (3) Enter into agreements with qualified housing sponsors to regulate the planning, development
15 and management of housing projects constructed with the assistance of the department under ORS
16 456.548 to 456.725.

17 (4) With the approval of the council, establish maximum household income limits for all or a
18 portion of the units in housing projects, **including** housing developments or other residential hous-
19 ing, financed in whole or in part by the department. [*A maximum of one-third of the units in a*
20 *housing project, housing development or other residential housing financed by the department may be*
21 *rented to households with an income level exceeding 120 percent of the median family income level, as*
22 *determined by the department.*] **The department may finance only the portion of housing projects**
23 **consisting of units rented to households with an income below 120 percent of the area median**
24 **income, as defined in ORS 458.610. The department shall, by rule, adopt a methodology for**
25 **allocating the affordable housing portion of a housing project's shared costs, including**
26 **infrastructure and parking. For a housing project financed by the department, the council**
27 **may establish a minimum ratio or number of units that will be rented to households with**
28 **an income below 120 percent of the area median income.** If the income level in any unit exceeds

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.

1 120 percent of the **area** median [*family*] income, the department shall, to the extent practicable, re-
 2 quire that the project, development or other housing financed by the department have a percentage
 3 of low income units that is higher than the minimum percentages established in ORS 456.120 (19) for
 4 projects financed by local housing authorities or income limitations that are lower than the limits
 5 described in ORS 456.120 (19) or a combination thereof. Income limits for department programs
 6 administered on a statewide basis may be established by reference to the **area** median [*family or*
 7 *personal income in the state, or in various regions in the state, as determined by the department*] **in-**
 8 **come**. This subsection does not restrict the acquisition of manufactured dwelling parks.

9 (5) With the approval of the council, ensure that financing is provided in the department's pro-
 10 grams for manufactured housing and for the purchase of lots described in ORS 92.840 by manufac-
 11 tured dwelling park tenants.

12 **SECTION 2.** ORS 456.605 is amended to read:

13 456.605. (1) The Housing and Community Services Department may establish and implement
 14 mortgage credit certificate programs to make available income tax credits for indebtedness incurred
 15 on acquisition, improvement or rehabilitation of a principal residence. Under this program, the de-
 16 partment may issue tax credit certificates to persons and families with incomes equal to or lower
 17 than the median family income [*as calculated under ORS 456.620 (4)*] **limits established by the**
 18 **department**.

19 (2) If the department elects to issue federal income tax credit certificates, the director shall
 20 certify that each mortgage credit certificate program meets the requirements of Section 25 of the
 21 Internal Revenue Code as amended and in effect on December 31, 1996. The department shall make
 22 the determination of the amount of qualified mortgage bonds that will not be issued so as to allow
 23 the issuance of mortgage credit certificates.

24 (3) If the Director of the Housing and Community Services Department determines that the
 25 mortgage credit certificate program is not effective with the median family income limitation es-
 26 tablished in subsection (1) of this section, the director may issue tax credit certificates to persons
 27 and families with incomes up to a percent of median family income determined appropriate by the
 28 Emergency Board, if the person or families otherwise qualify for the program.

29 **SECTION 3.** ORS 456.690 is amended to read:

30 456.690. (1) Upon a finding made by the Oregon Housing Stability Council that the supply of
 31 funds available through lending institutions for the financing of residential loans for the acquisition,
 32 construction, improvement or rehabilitation of housing units, manufactured dwellings, manufactured
 33 dwelling parks, manufactured dwelling park nonprofit cooperatives or housing projects for persons
 34 and families whose income does not exceed maximum [*household*] **median family** income limits es-
 35 tablished by the Housing and Community Services Department [*under ORS 456.620 (4)*] is inade-
 36 quate, the department may make loans to lending institutions in this state for the purpose of
 37 providing funds to such institutions for the financing of residential housing units, manufactured
 38 dwellings, manufactured dwelling parks, manufactured dwelling park nonprofit cooperatives or
 39 housing projects, for persons and families whose income does not exceed maximum [*household*] **me-**
 40 **di****an family** income limits established by the department [*under ORS 456.620 (4)*].

41 (2)(a) The department, subject to existing agreements with bondholders, may make privately or
 42 federally insured or guaranteed loans for the rehabilitation or improvement of existing single-family
 43 homes for persons and families of lower income, manufactured dwellings for persons and families of
 44 lower income or manufactured dwelling parks and manufactured dwelling park nonprofit cooper-
 45 atives that the department determines have a significant percentage of residents who are persons

1 of lower income, if the department finds that:

2 (A) The supply of funds available through private lending institutions for that purpose is inade-
3 quate; and

4 (B) The housing may be rehabilitated or improved to provide adequate, safe and sanitary resi-
5 dential housing.

6 (b) The department may cooperate with qualified housing sponsors in the development and im-
7 plementation of such loan programs. Loans made by the department under this subsection shall be
8 made for single-family homes.

9 (3) Prior to the making of any loan under this section, the department, with the approval of the
10 council, shall adopt rules governing the making of such loans, including but not limited to:

11 (a) Procedures for the submission, review and approval of requests for loans under this section.

12 (b) Standards and requirements for the allocation of loan moneys available among eligible bor-
13 rowers and the determination of the terms, conditions and interest rates for such loans.

14 (c) Limitations, if any, on the number of housing units or projects, type of housing units or
15 projects and any other characteristics for the eligibility of housing units or projects for such fi-
16 nancing.

17 (d) Restrictions, if any, on the interest rates to be charged by lending institutions on loans made
18 from such loan proceeds and the return to be realized by the lending institution therefrom.

19 (e) Commitment requirements applied to residential mortgage financing by lending institutions
20 from the proceeds of such loans.

21 (f) Schedules of fees and charges to be made by the department in accepting, reviewing and
22 acting upon applications for loans under this section.

23 (4) The department shall administer the loan program for rehabilitation or improvement of ex-
24 isting single-family homes for persons and families of lower income in accordance with the following
25 requirements and loan criteria:

26 (a) Eligibility for a loan shall be based on current department income limitations.

27 (b) A loan may be assumed only by another person of lower income.

28 (c) The single-family home for which a loan is made must be owner-occupied.

29 (d) The maximum principal amount of a single loan is \$15,000.

30 (e) An eligible borrower shall have only one loan outstanding under this program at any one
31 time.

32 (f) An eligible improvement including, but not limited to, a remodeling project shall be defined
33 by rule and the provisions of the Revenue Adjustments Act of 1980 (Public Law 96-499), as adopted
34 December 5, 1980, shall be recognized in that definition.

35 (g) Loans shall be made in accordance with a distribution of population between urban and rural
36 areas that takes the availability of alternative resources into account.

37 (h) The department shall work with qualified housing sponsors whenever it is appropriate to do
38 so.

39 (5) All loans made and all rules adopted under this section shall be designed by the department,
40 with the approval of the council, to expand the supply of funds available in this state for the fi-
41 nancing of residential housing units, manufactured dwellings, manufactured dwelling parks, manu-
42 factured dwelling park nonprofit cooperatives and housing projects, for persons and families whose
43 income does not exceed maximum [household] **median family** income limits established by the de-
44 partment [under ORS 456.620 (4)], to provide an adequate supply of safe and sanitary units of such
45 housing, and to promote the effective participation of conventional lending institutions in the fi-

1 nancing of such housing and restrict the financial return and benefit to such lenders to that which
2 is necessary and reasonable to induce their participation under this section.

3 (6) In making loans under this section, the department, with the approval of the council, may
4 prescribe such terms, conditions, maturity dates and interest rate provisions as it considers neces-
5 sary.

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