

# House Bill 3543

Sponsored by Representatives MORGAN, GOODWIN; Representatives HELFRICH, LEVY B, MANNIX

## 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**.

Amends income eligibility requirements for various housing programs and land use regulations.

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### A BILL FOR AN ACT

Relating to housing; creating new provisions; and amending ORS 93.269, 197.311, 197.748, 221.729, 307.092, 307.110, 307.162, 456.005, 456.055, 456.060, 456.065, 456.070, 456.085, 456.125, 456.153, 456.155, 456.190, 456.270, 456.275, 456.280, 456.285, 456.355, 456.502, 456.548, 456.550, 456.559, 456.571, 456.572, 456.612, 456.625, 456.635, 456.690, 456.715, 456.722, 458.305, 458.310, 458.375, 458.405, 458.420, 458.425, 458.445, 458.450, 458.480, 458.485, 458.605, 458.610, 458.625, 458.630, 458.655, 458.660, 458.665 and 476.392 and section 9, chapter 671, Oregon Laws 2019, section 9, chapter 552, Oregon Laws 2021, and section 1, chapter 553, Oregon Laws 2021.

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

**SECTION 1.** ORS 456.005 is amended to read:

456.005. As used in ORS chapters 456 and 458, **unless the context requires otherwise:**

(1) **“Affordable housing” means, except as provided under section 3 of this 2023 Act, housing that is maintained as affordable for individuals and families whose income is not greater than 80 percent of the area median income. “Maintained as affordable” includes housing subject to an affordable housing covenant as described in ORS 456.270 to 456.295.**

(2) **“Area median income” means the median income, adjusted for family size, for the metropolitan statistical area in which the housing is located, as determined by the Oregon Housing Stability Council based upon information from the United States Department of Housing and Urban Development.**

*[(1)]* (3) **“Culturally responsive organization” means an entity that, as determined by the Housing and Community Services Department:**

(a) **Comprehensively addresses power relationships throughout the organization by methods that include addressing conflicts and dynamics of inclusion and exclusion;**

(b) **Has relationships with and is responsive to communities that the organization serves, including communities of color;**

(c) **Hires, promotes, trains and supports staff who are culturally and linguistically diverse in ways that reflect the communities that the organization serves, including communities of color;**

(d) **Provides culturally responsive service; and**

(e) **With respect to paragraphs (a) to (d) of this subsection, has adopted governance structures, policies and cultural norms to hold its leadership and staff accountable and to continue improvements.**

*[(2)]* (4) **“Culturally responsive service” means service that:**

**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 (a) Is adapted to maximize the respect of and relevance to the beliefs, practices, culture and  
2 linguistic needs of the diverse client populations and communities being served, including clients and  
3 communities of color.

4 (b) Has the capacity to respond to the issues of diverse communities.

5 (c) Assures competent language access and incorporates diverse cultural approaches, strengths,  
6 perspectives, experiences, frames of reference, values, norms and performance styles of clients and  
7 communities to make services and programs more welcoming, accessible, appropriate and effective  
8 for all eligible and intended recipients.

9 [(3)] (5) “Culturally specific organization” means an entity that provides services to a cultural  
10 community, and may be further defined by rule by the department.

11 [(4)] (6) “Federal government” includes the United States of America and any agency or  
12 instrumentality, corporate or otherwise, of the United States of America.

13 [(5)] (7) “Housing authority” or “authority” means any public corporation created under ORS  
14 456.055 to 456.235.

15 [(6)] (8) “Housing Authorities Law” means ORS 456.055 to 456.235.

16 (9) **“Workforce housing” means, except as provided under section 3 of this 2023 Act,**  
17 **housing that is maintained as affordable for individuals and families whose income is greater**  
18 **than 80 percent of area median income and not greater than 120 percent of the area median**  
19 **income. “Maintained as affordable” includes housing subject to an affordable housing**  
20 **covenant as described in ORS 456.270 to 456.295.**

21 **SECTION 2. Section 3 of this 2023 Act is added to and made a part of ORS 456.515 to**  
22 **456.725.**

23 **SECTION 3. The Housing and Community Services Department may, by rule, amend the**  
24 **income range, as a percentage of the area median income, that individuals or families must**  
25 **earn in order to be eligible for programs administered by the department under ORS 456.515**  
26 **to 456.725 or ORS chapter 458, as necessary to comply with federal law or to maintain eligi-**  
27 **bility for federal programs or resources.**

28 **SECTION 4. ORS 197.311 is amended to read:**

29 197.311. (1) As used in this section:

30 (a) “Affordable housing” means housing that is [*affordable to households with incomes equal to*  
31 *or less than 60 percent of the median family income for the county in which the development is built*  
32 *or for the state, whichever is greater, that is subject to an affordable housing covenant, as provided in*  
33 *ORS 456.270 to 456.295, that maintains the affordability*] **maintained as affordable or workforce**  
34 **housing, as defined in ORS 456.005,** for a period of not less than 60 years from the date of the  
35 certificate of occupancy.

36 (b) “Multifamily residential building” means a building in which three or more residential units  
37 each have space for eating, living and sleeping and permanent provisions for cooking and sanitation.

38 (2) Notwithstanding ORS 215.427 (1) or 227.178 (1), a city with a population greater than 5,000  
39 or a county with a population greater than 25,000 shall take final action on an application qualifying  
40 under subsection (3) of this section, including resolution of all local appeals under ORS 215.422 or  
41 227.180, within 100 days after the application is deemed complete.

42 (3) An application qualifies for final action within the timeline described in subsection (2) of this  
43 section if:

44 (a) The application is submitted to the city or the county under ORS 215.416 or 227.175;

45 (b) The application is for development of a multifamily residential building containing five or

1 more residential units within the urban growth boundary; and

2 (c) At least 50 percent of the residential units included in the development will be sold or rented  
3 as affordable housing.

4 (4) A city or a county shall take final action within the time allowed under ORS 215.427 or  
5 227.178 on any application for a permit, limited land use decision or zone change that does not  
6 qualify for review and decision under subsection (3) of this section, including resolution of all ap-  
7 peals under ORS 215.422 or 227.180, as provided by ORS 215.427 and 215.435 or by ORS 227.178 and  
8 227.181.

9 (5) With respect to property within an urban growth boundary owned by a nonprofit corporation  
10 organized as a religious corporation, a local government:

11 (a) May apply only restrictions or conditions of approval to the development of affordable  
12 housing that are, notwithstanding ORS 197.307 (5) or statewide land use planning goals relating to  
13 protections for historic areas:

14 (A) Clear and objective as described in ORS 197.307 (4); or

15 (B) Discretionary standards related to health, safety, habitability or infrastructure.

16 (b) Shall approve the development of affordable housing on property not zoned for housing if:

17 (A) The property is not zoned for industrial uses; and

18 (B) The property is contiguous to property zoned to allow residential uses.

19 (6) Affordable housing allowed under subsection (5)(b) of this section may be subject only to the  
20 restrictions applicable to the contiguously zoned residential property as limited by subsection (5)(a)  
21 of this section and without requiring that the property be rezoned for residential uses. If there is  
22 more than one contiguous residential property, the zoning of the property with the greatest density  
23 applies.

24 **SECTION 5.** ORS 456.055 is amended to read:

25 456.055. As used in the Housing Authorities Law, unless the context requires otherwise:

26 [(1) "*Affordable housing*" means dwelling units that may be purchased or rented, with or without  
27 government assistance, by persons of eligible income.]

28 [(2)] (1) "Blighted area" means any area where housing, by reason of neglect and dilapidation,  
29 is detrimental to the safety or health of the occupants or of the neighborhood in which the housing  
30 is located.

31 [(3)] (2) "Bonds" means any bonds, notes, interim certificates, debentures or other obligations  
32 issued by an authority pursuant to the Housing Authorities Law. The giving of a note secured by  
33 a mortgage or trust deed will not constitute a bond.

34 [(4)] (3) "The city" means the particular city included within a particular housing authority.

35 [(5)] (4) "Clerk" means the recorder of the city or the clerk of the county, as the case may be,  
36 or the officer of the city or the county, respectively, charged with the duties customarily imposed  
37 on such clerk.

38 [(6)] (5) "County" means any county in the state. "The county" means a particular county or  
39 counties for which a particular housing authority is created.

40 [(7)] (6) "Governing body" means, in the case of a city, the common council or other legislative  
41 body thereof, and, in the case of a county, the county court, commission or other legislative body  
42 thereof.

43 [(8)] (7) "Housing" means housing of all kinds, including but not limited to single-family  
44 dwellings, multifamily dwellings, emergency shelters, dwelling accommodations, living accommo-  
45 dations, manufactured dwelling parks, residential units, housing projects or other dwellings.

1        [(9)] (8) “Housing unit” or “unit” means a single-family dwelling, a single apartment or other  
 2 single dwelling.

3        [(10)] (9) “Mixed income housing” means a housing project that houses tenants with a mixture  
 4 of income levels, including those not of lower income, for the purpose of reducing the rents for  
 5 tenants whose incomes are no greater than 60 percent of the area median income.

6        [(11)] (10) “Obligee of the authority” or “obligee” includes any bondholder or trustee for any  
 7 bondholder, or lessor demising to the authority property used in connection with a housing project,  
 8 or any assignee of such lessor’s interest or any part thereof, and the federal government when it is  
 9 a party to any contract with the authority.

10       [(12)] (11) “Persons of eligible income” means individuals or families who meet the applicable  
 11 income limits of local, state or federally funded programs or developments.

12       [(13)] (12) “Private market” means those rental housing units owned and operated by nongov-  
 13 ernment entities and without government subsidies.

14       [(14)] “Person of lower income” or “family of lower income” means a person or a family, residing  
 15 in this state, whose income is not greater than 80 percent of the area median income, adjusted for  
 16 family size, as determined by the Housing and Community Services Department using United States  
 17 Department of Housing and Urban Development information.]

18       [(15)] (13) “Real property” includes all lands, including improvements and fixtures thereon, and  
 19 property of any nature appurtenant thereto, or used in connection therewith, and every estate, in-  
 20 terest and right, legal or equitable, therein, including terms for years and liens by way of judgment,  
 21 mortgage or otherwise and the indebtedness secured by such liens.

22        **SECTION 6.** ORS 456.060 is amended to read:

23        456.060. (1) As used in the Housing Authorities Law, unless the context requires otherwise,  
 24 “area of operation” includes:

25        (a) In the case of a housing authority of a city:

26        (A) The area within the city;

27        (B) If the city has adopted in its comprehensive land use plan an urban growth boundary re-  
 28 cognized by the governing bodies of the counties in which it is situated, the area within that urban  
 29 growth boundary; and

30        (C) Unless a county has an existing housing authority which is operating and substantially ad-  
 31 dressing the need for [*housing in the county for persons of lower income*] **affordable and workforce**  
 32 **housing**, the area within 10 miles from the territorial boundaries of the city, excepting any area  
 33 which lies within the territorial or urban growth boundaries of some other city which has by ordi-  
 34 nance prohibited such operation within the city or its urban growth boundaries because the city  
 35 finds that:

36        (i) An existing public agency operating within the area is substantially addressing the need for  
 37 [*housing in the city for persons of lower income*] **affordable and workforce housing**; or

38        (ii) There is no need for [*housing in the city for persons of lower income*] **affordable or**  
 39 **workforce housing**.

40        (b) In the case of a housing authority of a county, the area within the county which lies:

41        (A) Outside the territorial boundaries of any city or, if a city has adopted in its comprehensive  
 42 land use plan an urban growth boundary recognized by the governing bodies of the counties in  
 43 which it is situated, that urban growth boundary; and

44        (B) Inside the territorial or urban growth boundaries of any city unless the city has by ordi-  
 45 nance prohibited such operation within the city or its urban growth boundary because the city finds

1 that:

2 (i) An existing public agency operating within the area is substantially addressing the need for  
 3 *[housing in the city for persons of lower income]* **affordable and workforce housing**; or

4 (ii) There is no need for *[housing in the city for persons of lower income]* **affordable or**  
 5 **workforce housing**.

6 (2) As used in this section, “need” means the condition described in ORS 456.085.

7 (3) Nothing in this section shall prevent units of local government from entering into intergov-  
 8 ernmental agreements pursuant to ORS 190.003 to 190.130 for the purpose of:

9 (a) Establishing areas of operation which are different from the areas specified in this section,  
 10 including agreements which utilize an urban growth boundary to allocate areas of operation between  
 11 the housing authorities of a city and a county.

12 (b) Permitting a specific housing program or portion of a program to be operated in areas within  
 13 the corporate limits of a city by an existing housing authority of a county or some other city.

14 **SECTION 7.** ORS 456.065 is amended to read:

15 456.065. (1) As used in this section:

16 (a) “Community services” means services provided by public or private nonprofit organizations  
 17 or service agencies that may include, but are not limited to, child care, early childhood education,  
 18 health, human resources, information and referral services, basic life skills and adult literacy  
 19 classes, support services designed to improve self-sufficiency and recreational programs.

20 (b) “Community services facilities” includes, but is not limited to, all buildings, grounds or other  
 21 real or personal property necessary to provide a public benefit, appurtenances that are necessary,  
 22 convenient or desirable, streets, sewers, water service and other utilities, parks and gardens.

23 (2) As used in the Housing Authorities Law, unless the context requires otherwise, “housing  
 24 project” means any work or undertaking:

25 (a) To provide decent, safe and sanitary urban or rural *[housing for persons or families of lower*  
 26 *income]* **affordable and workforce housing**. A work or undertaking described in this paragraph  
 27 may include buildings, land, equipment, facilities and other real or personal property for necessary,  
 28 convenient or desirable appurtenances, streets, sewers, water service and other utilities, parks, site  
 29 preparation, gardening, administrative, community services, leased commercial facilities consistent  
 30 with mixed residential and commercial communities, health, recreational, educational, welfare or  
 31 other purposes authorized under ORS 456.055 to 456.235.

32 (b) To provide community services facilities for the benefit of the health, recreation, education,  
 33 culture and welfare of the entire community, without regard to the economic status of the persons  
 34 or families who may utilize the facilities.

35 (c) To demolish, clear or remove buildings from any blighted area. A work or an undertaking  
 36 described in this paragraph may embrace the adaptation of the area to public purposes, including  
 37 housing, parks, community services facilities or other recreational, educational, cultural or commu-  
 38 nity purposes.

39 (d) To accomplish a combination of the projects described in paragraphs (a), (b) and (c) of this  
 40 subsection, or accomplish the planning of the buildings and improvements, the acquisition of prop-  
 41 erty, the demolition of existing structures, the construction, reconstruction, alteration and repair  
 42 of the improvements and all other work in connection with those projects.

43 (e) To provide management, administration and contract services between the housing authority  
 44 and owners of decent, safe and sanitary housing for the purpose of providing affordable *[housing to*  
 45 *persons of eligible income]* **and workforce housing**.

1       **SECTION 8.** ORS 456.070 is amended to read:

2       456.070. It hereby is declared:

3       (1) That there exists in this state a need for an increase in [*affordable housing for persons or*  
4 *families of lower income*] **affordable and workforce housing**.

5       (2) That it is a goal of this state to increase the availability of affordable [*housing for persons*  
6 *and families of lower income*] **and workforce housing**.

7       (3) That there is a necessity in the public interest for the Housing Authorities Law.

8       **SECTION 9.** ORS 456.085 is amended to read:

9       456.085. The governing body shall adopt a resolution declaring that there is need for a housing  
10 authority in the city or county, if it finds that there exists a need for additional safe, decent and  
11 sanitary [*affordable housing for persons or families of lower income*] **affordable and workforce**  
12 **housing**.

13       **SECTION 10.** ORS 456.125 is amended to read:

14       456.125. Within its area of operation, a housing authority may:

15       (1) Investigate into living, dwelling and housing conditions and into the means and methods of  
16 improving such conditions by either the housing authority or the private market.

17       (2) Determine where blighted areas exist or where there is a shortage of decent, safe and sani-  
18 tary [*housing for persons or families of lower income*] **affordable and workforce housing**.

19       (3) Make studies and recommendations relating to the problem of clearing, replanning and re-  
20 constructing blighted areas to provide affordable **and workforce** housing and the problem of pro-  
21 viding [*housing for persons or families of lower income*] **affordable and workforce housing**. An  
22 authority is encouraged to cooperate with the private market and the city, county or state or any  
23 of their political subdivisions in action taken in connection with identifying and solving such prob-  
24 lems.

25       (4) Engage in research, studies and experimentation on the subject of housing.

26       (5) Prepare, carry out, acquire, lease and operate housing projects.

27       (6) Provide for the construction, reconstruction, improvement, alteration or repair of any hous-  
28 ing project or any part thereof.

29       **SECTION 11.** ORS 456.153 is amended to read:

30       456.153. A housing authority may finance, develop, own, manage or operate a mixed income  
31 housing project if:

32       (1) The housing authority determines that a substantial number of persons of eligible income in  
33 the area served by the authority cannot obtain [*housing for 30 percent or less of their income*] **af-**  
34 **fordable or workforce housing**.

35       (2) Based on the determination under subsection (1) of this section, the housing authority adopts  
36 a resolution declaring the need for additional **affordable or workforce** housing [*for persons or*  
37 *families of lower income*] that can be addressed by the authority financing, developing, owning,  
38 managing or operating a mixed income housing project.

39       **SECTION 12.** ORS 456.155 is amended to read:

40       456.155. (1) It hereby is declared to be the policy of this state that:

41       (a) Each housing authority shall manage and operate its housing projects in an efficient and  
42 cost-effective manner so as to enable it to set the rents for housing units at the lowest possible rates  
43 consistent with providing decent, safe and sanitary housing and fulfilling the unmet need of afford-  
44 able **or workforce** housing [*for persons or families of lower income*].

45       (b) No housing authority shall construct or operate any such housing for profit, or as a source

1 of revenue to a city or a county.

2 (2) Notwithstanding any provisions of this section to the contrary, a housing authority may es-  
 3 tablish and maintain reasonable reserves for the purpose of providing additional housing projects  
 4 that the authority owns or manages and otherwise administering its programs pursuant to this  
 5 chapter.

6 **SECTION 13.** ORS 456.190 is amended to read:

7 456.190. In any suit, action or proceedings involving the validity or enforceability of any bond  
 8 of an authority or the security therefor, any bond reciting in substance that it has been issued by  
 9 the authority to aid in financing [*a housing project to provide housing for persons or families of lower*  
 10 *income*] **affordable or workforce housing** is conclusively deemed to have been issued for a housing  
 11 project of such character and said project is conclusively deemed to have been planned, located and  
 12 constructed in accordance with the Housing Authorities Law.

13 **SECTION 14. ORS 456.270 to 456.295 are added to and made a part of ORS chapter 456.**

14 **SECTION 15.** ORS 456.270 is amended to read:

15 456.270. As used in ORS 456.270 to 456.295:

16 (1) “Affordable housing covenant” means a nonpossessory interest in real property imposing  
 17 limitations, restrictions or affirmative obligations that encourage development **of** or that ensure  
 18 continued availability of affordable **or workforce** rental and owner-occupied housing [*for low or*  
 19 *moderate income individuals*].

20 [(2) “Area median income” means the median income for the metropolitan statistical area in which  
 21 the affordable housing is located, as determined by the Housing and Community Services Department,  
 22 adjusted for household size.]

23 [(3)] (2) “Eligible covenant holder” means:

24 (a) A public body, as defined in ORS 174.109;

25 (b) An agency of the United States government;

26 (c) A public benefit corporation or religious corporation, as those terms are defined in ORS  
 27 65.001, one purpose of which is to provide affordable **or workforce** housing [*for low or moderate*  
 28 *income households*];

29 (d) A consumer housing cooperative, as defined in ORS 456.548;

30 (e) A manufactured dwelling park nonprofit cooperative corporation; or

31 (f) A federally recognized Indian tribe.

32 [(4) “Low income household” means a household with income less than or equal to 80 percent of  
 33 the area median income.]

34 [(5) “Moderate income household” means a household with income less than or equal to 120 percent  
 35 and greater than 80 percent of the area median income.]

36 [(6)] (3) “Subsidy” includes, but is not limited to:

37 (a) A grant, loan or contract made by a federal agency, a federally recognized Indian tribe or  
 38 a public body, as defined in ORS 174.109;

39 (b) A grant, loan or contract made by a nonprofit corporation or a limited liability company the  
 40 sole member of which is a nonprofit corporation;

41 (c) A subsidized loan from a lending institution that makes loans for residential housing; or

42 (d) A subsidized private transaction.

43 [(7)] (4) “Third-party right of enforcement” means a right provided in an affordable housing  
 44 covenant to a third party to enforce the terms of the covenant.

45 **SECTION 16.** ORS 456.275 is amended to read:

1 456.275. The Legislative Assembly finds and declares that:

2 (1) There is a serious shortage of decent, safe and sanitary **affordable and workforce** housing  
3 available [*and affordable to low and moderate income households in the State of Oregon*].

4 (2) The inadequacy in the supply of decent, safe and sanitary affordable **and workforce** housing  
5 endangers the public health and jeopardizes the public safety and general welfare of the state.

6 (3) To obtain the benefits of covenants and restrictions that seek to preserve and maintain af-  
7 fordable **and workforce** housing, the Legislative Assembly authorizes the creation and enforcement  
8 of affordable housing covenants.

9 **SECTION 17.** ORS 456.280 is amended to read:

10 456.280. (1) A person may create an affordable housing covenant as a condition of giving or re-  
11 ceiving a subsidy during ownership or upon conveying real property, in the form of a covenant,  
12 servitude, easement, condition or restriction in a deed, declaration, land sale contract, trust deed,  
13 mortgage, security agreement, assignment, will, trust, rental agreement, lease or other written in-  
14 strument that is:

15 (a) Executed by the owner of the real property and the covenant holder; and

16 (b) Recorded in the deed and mortgage records of the county in which the real property is lo-  
17 cated.

18 (2) The affordable housing covenant creates a real property right in an eligible covenant holder  
19 to:

20 (a) Limit the use of real property to occupancy [*by low or moderate income households*] **based**  
21 **on income** in rental or owner-occupied housing;

22 (b) Restrict the rental rate or sale price of real property to ensure affordability [*by future low*  
23 *and moderate income households*];

24 (c) Limit, restrict or condition the use and enjoyment of real property to create or retain rental  
25 or owner-occupied [*affordable*] housing for occupancy [*by low or moderate income households*] **based**  
26 **on income**; or

27 (d) Purchase real property at a trustee's sale under terms set forth in ORS 86.782.

28 (3) The affordable housing covenant may be conveyed, assigned, modified or terminated by a  
29 written instrument recorded in the deed and mortgage records of the county in which the real  
30 property is located. The affordable housing covenant may be:

31 (a) Conveyed or assigned by a written instrument executed by the conveying or assigning  
32 covenant holder and the accepting covenant holder;

33 (b) Modified by a written instrument executed by the covenant holder and the owner of the real  
34 property; or

35 (c) Terminated by a written instrument executed by the covenant holder and a third party with  
36 the right to enforce the covenant.

37 (4) An affordable housing covenant is not invalid because a holder of the covenant is not an  
38 eligible covenant holder. A covenant holder who is not an eligible covenant holder may not modify,  
39 terminate or commence an action to enforce the covenant. However, the covenant holder may  
40 convey or assign the covenant to an eligible covenant holder who may modify or terminate the  
41 covenant or commence an action to enforce the covenant.

42 (5) An affordable housing covenant is unlimited in duration unless:

43 (a) The instrument creating the covenant provides otherwise;

44 (b) The duration of the covenant is modified before the stated term of the covenant expires; or

45 (c) The covenant is terminated.

1 (6) Upon termination of an affordable housing covenant for any reason before the stated term  
 2 of the covenant expires, the covenant holder is entitled to receive the difference between the fair  
 3 market value of the real property immediately before termination and the fair market value of the  
 4 real property immediately after termination.

5 (7) An affordable housing covenant does not impair an interest in real property that exists at  
 6 the time the affordable housing covenant is created unless the owner of the interest is a party to  
 7 the affordable housing covenant, subordinates the interest to the affordable housing covenant or  
 8 otherwise agrees to be bound by the affordable housing covenant.

9 (8) An instrument that creates an affordable housing covenant may grant the eligible covenant  
 10 holder, or a designee of the eligible covenant holder, a right to enter the real property to ensure  
 11 compliance with the covenant and, if the right is granted, the instrument shall designate the time  
 12 and manner in which the eligible covenant holder or designee may enter the real property.

13 (9) An affordable housing covenant holder may assign a third-party right of enforcement, by a  
 14 written instrument executed by the covenant holder and recorded in the deed and mortgage records  
 15 of the county in which the real property is located, to a person that qualifies as an eligible covenant  
 16 holder but that is not the holder of that covenant.

17 (10) An affordable housing covenant is automatically terminated if:

18 (a) The only holder of the covenant is a corporation, as defined in ORS 65.001, that is dissolved  
 19 without conveying or assigning the covenant; and

20 (b) No person is entitled to exercise a third-party right of enforcement pursuant to subsection  
 21 (9) of this section.

22 **SECTION 18.** ORS 456.285 is amended to read:

23 456.285. An affordable housing covenant may:

24 (1) Include limitations, restrictions and affirmative obligations on the sale price or rental rate  
 25 of real property or the use of real property or the income or assets of purchasers or tenants;

26 (2) Limit the amount of equity appreciation that a property owner may derive from ownership  
 27 of the real property;

28 (3) Grant a right of first refusal or an option to purchase to the eligible covenant holder;

29 (4) Restrict the class of persons to whom real property may be sold, leased or rented according  
 30 to, but not limited to, household income, assets, residency and prior homeownership;

31 (5) Limit the use of the real property to residential use as the primary residence [*of a low or*  
 32 *moderate income household*];

33 (6) Limit, condition or prohibit leasing or subletting;

34 (7) Impose obligations for maintenance and insurance of the real property;

35 (8) Limit, condition or prohibit the owner from allowing liens on the real property; and

36 (9) Make other limitations, conditions or prohibitions that affect the affordability of real prop-  
 37 erty [*for low or moderate income households*].

38 **SECTION 19.** ORS 456.355 is amended to read:

39 456.355. As used in ORS 456.355 to 456.370, unless the context requires otherwise:

40 (1) "Governing body" means the governing body of any city or county.

41 (2) "Housing project" means any work or undertaking of a nonprofit sponsor, limited-dividend  
 42 housing corporation or a for-profit developer meeting the requirements of subsection (5) of this sec-  
 43 tion for the purpose of operating, rehabilitating or constructing decent, safe and sanitary **affordable**  
 44 **and workforce** housing [*for families and individuals who cannot obtain such shelter in the open*  
 45 *market for 25 percent of the gross family income*].

1 (3) "Nonprofit housing sponsor" means any corporation not for profit organized under the pro-  
2 visions of ORS chapter 65 for the purpose of undertaking, constructing or operating a housing  
3 project, or authorized by its charter to undertake, construct or operate a housing project.

4 (4) "Limited-dividend housing corporation" means any corporation that qualifies as such under  
5 the federal Housing and Urban Development Act of 1968.

6 (5) "For-profit developer" means a developer who agrees to rent housing units at below-market  
7 rent over a substantial period of time to households with income limits stipulated by the city or  
8 county.

9 (a) Proposals for such projects shall be solicited by appropriate direct and indirect invitation.

10 (b) Proposals received shall be measured against stated criteria, and reasons for the choices  
11 made shall be recorded.

12 (c) The financial stability of the developer shall be established to the satisfaction of the city or  
13 county.

14 (d) The Housing and Community Services Department shall review the documentation for para-  
15 graphs (a), (b) and (c) of this subsection for procedural compliance. The department may comment  
16 on the issue of benefits received against the benefits conferred, but it is not the intent of the legis-  
17 lature that the department shall substitute its judgment for that of the city or county in determining  
18 whether these benefits are in balance.

19 **SECTION 20. ORS 456.502 is added to and made a part of ORS 456.515 to 456.725.**

20 **SECTION 21.** ORS 456.502 is amended to read:

21 456.502. (1) The Affordable **and Workforce** Housing Land Acquisition Revolving Loan Program  
22 is established within the Housing and Community Services Department. The purpose of the program  
23 is to provide financial assistance to eligible organizations to purchase land for affordable **and**  
24 **workforce** housing development. The department may contract with a qualifying nonprofit organ-  
25 ization to serve in a fiduciary capacity as program administrator.

26 (2) The department or the program administrator, with the department's approval, may make  
27 loans to eligible organizations to purchase land on which to develop affordable **and workforce**  
28 housing and to build facilities intended to provide supportive services [*to affordable housing residents*  
29 *and low income households*] in the nearby community.

30 (3) Organizations that are eligible to participate in the program include local governments,  
31 housing authorities, nonprofit community or neighborhood-based organizations, federally recognized  
32 Indian tribes in this state and regional or statewide nonprofit housing assistance organizations.

33 (4) Each eligible organization must include in the organization's loan application a proposed af-  
34 fordable **or workforce** housing development plan that indicates the number of affordable **or**  
35 **workforce** housing units planned, a description of any other facilities that are being considered for  
36 the property and an estimated timeline for completion of the development. The department or the  
37 department's program administrator may require additional information from eligible organizations  
38 and may consider the efficient use of land, project readiness, organizational capacity and other fac-  
39 tors as criteria in making loans.

40 (5) Forty percent of loans made by the program shall go to eligible organizations operating **af-**  
41 **fordable or workforce housing** home ownership programs [*for low income households*]. If the entire  
42 40 percent cannot be loaned to the types of eligible organizations described in this subsection, the  
43 remainder may be loaned to other eligible organizations under subsection (6) of this section.

44 (6) Sixty percent of loans shall be made to eligible organizations not described in subsection (5)  
45 of this section.

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

8 (8) Within eight years of receiving a loan under this section, a loan recipient must complete  
9 development of affordable **or workforce** housing on the property for which the loan was made and  
10 place the affordable **or workforce** housing into service.

11 (9) A loan recipient must preserve the affordable **or workforce** housing developed on the prop-  
12 erty acquired under this section as affordable **or workforce** housing for a minimum of 30 years.

13 (10)(a) If a loan recipient does not place affordable **or workforce** housing into service on a  
14 property for which a loan was received under this section within the eight-year period specified in  
15 subsection (8) of this section, or if a loan recipient fails to use the property for the intended af-  
16 fordable **or workforce** housing purpose consistent with the loan recipient's original affordable **or**  
17 **workforce** housing development plan, the loan recipient must pay to the department an amount  
18 consisting of the principal of the original loan plus compounded interest calculated at the current  
19 market rate. The department shall develop guidelines for the time period in which this repayment  
20 must take place and include the time period in the original loan agreement entered into with the  
21 loan recipient. The department may grant a partial or total exemption from this repayment re-  
22 quirement if the department determines that a development is substantially complete or that the  
23 property has been substantially used as described in the original affordable **or workforce** housing  
24 development plan.

25 (b) As used in this subsection, "current market rate" means the current average market interest  
26 rate that is determined at the time any individual loan is closed upon using a widely recognized  
27 current market interest rate measurement to be selected for use by the department or by the pro-  
28 gram administrator, with the approval of the department. This interest rate must be noted in an  
29 attachment to the closing documents for each loan.

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

32 (12) Interest rates on loans granted under this section may not exceed one percent.

33 (13) The department, or the program administrator with the approval of the department, must  
34 develop performance measures for the program, including, at a minimum, measures related to:

35 (a) The ability of eligible organizations to access land for affordable **or workforce** housing de-  
36 velopment;

37 (b) The total number of dwelling units by housing type [*and the total number of low income*  
38 *households and persons served*]; and

39 (c) The financial efficiency of the program as demonstrated by certain factors, including the cost  
40 per unit developed for affordable **or workforce** housing units in different areas of this state and a  
41 measure of the effective use of funds to produce the greatest number of units [*for low income*  
42 *households*].

43 (14) By December 1 of each year, [*beginning in 2018,*] the department and the program adminis-  
44 trator, if any, shall report to the interim committees of the Legislative Assembly with subject matter  
45 jurisdiction for housing regarding the performance measures developed under subsection (13) of this

1 section.

2 [(15) For purposes of this section, “low income household” has the meaning given that term in ORS  
3 456.270.]

4 [(16)] (15) The department shall adopt rules to implement and carry out the provisions of this  
5 section.

6 **SECTION 22.** ORS 456.548 is amended to read:

7 456.548. As used in ORS 456.548 to 456.725, unless the context requires otherwise:

8 (1) “Bonds” means any bonds, as defined in ORS 286A.001, or any other evidence of indebt-  
9 edness, issued under ORS 456.515 to 456.725 or issued in anticipation of bonds and payable from the  
10 proceeds of bonds issued.

11 (2) “Capital reserve account” or “capital reserve accounts” means one or more of the special  
12 trust accounts that may be established by the Housing and Community Services Department within  
13 the Housing Finance Fund.

14 (3) “Consumer housing cooperative” means a cooperative corporation formed under ORS chapter  
15 62 and whose articles of incorporation provide, in addition to the other requirements of ORS chapter  
16 62, that:

17 (a) The consumer housing cooperative has been organized exclusively to provide **affordable or**  
18 **workforce** housing facilities [*for persons and families of lower income*] and such social, recreational,  
19 commercial and communal facilities as may be incidental to such housing facilities.

20 (b) All income and earnings of the consumer housing cooperative shall be used exclusively for  
21 consumer housing cooperative purposes and that no unreasonable part of the net income or net  
22 earnings of the cooperative shall inure to the benefit or profit of any private individual, firm, cor-  
23 poration, partnership or association.

24 (c) The consumer housing cooperative is in no manner controlled or under the direction of or  
25 acting in the substantial interest of any private individual, firm, corporation, partnership or associ-  
26 ation seeking to derive profit or gain therefrom or seeking to eliminate or minimize losses in any  
27 transaction therewith, except that such limitation shall apply to the members of the cooperative only  
28 to the extent provided by rules of the department.

29 (d) The operations of the consumer housing cooperative may be supervised by the department  
30 and that the consumer housing cooperative shall enter into such agreements with the department  
31 as the department may require to provide regulation by the department of the planning, development  
32 and management of any housing project undertaken by the cooperative and the disposition of the  
33 property and other interests of the cooperative.

34 (4) “Development costs” means the costs that have been approved by the department as appro-  
35 priate expenditures and includes, but is not limited to:

36 (a) Payments for options to purchase property for the proposed housing project site, deposits on  
37 contracts of purchase, payments for the purchase of property as approved by the department, legal,  
38 organizational and marketing expenses including payment of attorney fees, managerial and clerical  
39 staff salaries, office rent and other incidental expenses, payment of fees for preliminary feasibility  
40 studies, advances for planning, engineering and architectural work;

41 (b) Expenses for surveys as to need and market analyses; and

42 (c) Such other expenses incurred by the qualified housing sponsor as the department may deem  
43 necessary under ORS 456.548 to 456.725.

44 (5) “Federally insured security” means an evidence of indebtedness insured or guaranteed as to  
45 repayment of principal and interest by the United States or an agency or instrumentality thereof.

1 (6) "Housing development" means a development that contains **affordable or workforce** housing  
2 units [*for persons or families of lower income*] and such other incidental elements of residential,  
3 commercial, recreational, industrial, communal or educational facilities as the department deter-  
4 mines improve the quality of the development as it relates to **affordable or workforce** housing [*for*  
5 *persons or families of lower income and*] **or to** the financial feasibility of the development.

6 (7) "Housing finance bond declaration" means a written instrument signed by the Director of the  
7 Housing and Community Services Department or the designee of the director and on file with and  
8 bearing the certificate of approval of the State Treasurer or the designee of the State Treasurer,  
9 and all housing finance bond declarations supplemental to that instrument.

10 (8) "Housing Finance Fund" means the Housing Finance Fund established in ORS 456.720 (1).

11 (9) "Lending institution" means any bank, mortgage banking company, trust company, savings  
12 bank, credit union, national banking association, federal savings and loan association or federal  
13 credit unit maintaining an office in this state, or any insurance company authorized to do business  
14 in this state.

15 (10) "Limited dividend housing sponsor" means a corporation, trust, partnership, association or  
16 other entity, or an individual that is a mortgagor.

17 (11) "Manufactured dwelling park nonprofit cooperative" has the meaning given that term in  
18 ORS 62.803.

19 (12) "Manufactured housing" means a dwelling unit manufactured off-site having a minimum  
20 width of 10 feet and a minimum area of 400 square feet built on a permanent chassis and designed  
21 to be used for permanent residential occupancy whether or not on a permanent foundation, and that  
22 contains permanent eating, cooking, sleeping and sanitary facilities and meets such standards as the  
23 department determines, by rule, are reasonable to maintain the quality, safety and durability of the  
24 dwelling, the sanitary requirements of the communities in which they are located and the security  
25 of the loans that the department may finance for the purchase of the dwellings.

26 (13) "Nonprofit housing corporation" means an organization formed under ORS chapter 65 and  
27 whose articles of incorporation provide, in addition to the other requirements of ORS chapter 65,  
28 that:

29 (a) The corporation has been organized exclusively to provide **affordable or workforce** housing  
30 facilities [*for persons and families of lower income*] and such other social, recreational, commercial  
31 and communal facilities as may be incidental to such housing facilities.

32 (b) All the income and earnings of the corporation shall be used exclusively for corporation  
33 purposes and that no part of the net income or net earnings of the corporation may inure to the  
34 benefit of any private individual, firm, corporation, partnership or association.

35 (c) The corporation is in no manner controlled or under the direction or acting in the substan-  
36 tial interest of any private individual, firm, partnership or association seeking to derive profit or  
37 gain therefrom or seeking to eliminate or minimize losses in transactions therewith.

38 (d) The operations of the corporation may be supervised by the department and that the corpo-  
39 ration shall enter into such agreements with the department as the department may require to reg-  
40 ulate the planning, development and management of any housing project undertaken by the  
41 corporation and the disposition of the property and other interests of the corporation.

42 [(14) "Person of lower income" or "family of lower income" means:]

43 [(a) A person or family residing in this state whose income is not more than 80 percent of area  
44 median income, adjusted for family size, as determined by the Oregon Housing Stability Council based  
45 upon information from the United States Department of Housing and Urban Development;]

1        *[(b) A person or family residing in this state whose income, adjusted for family size, is below the*  
 2 *level the Housing and Community Services Department has determined to be necessary in order to ob-*  
 3 *tain in the open market decent, safe and sanitary housing, including the cost of utilities and taxes, for*  
 4 *not more than 25 percent of the gross income of the person or family; or]*

5        *[(c) Any person or family the department determines is appropriate to treat as a person of lower*  
 6 *income or a family of lower income incidental to the accomplishment of department programs for per-*  
 7 *sons and families of lower income described in paragraphs (a) and (b) of this subsection.]*

8        *[(15)] (14) “Project cost” or “costs of the project” means the sum of all reasonable expenses in-*  
 9 *curring by a qualified housing sponsor in undertaking and completing a housing project approved by*  
 10 *the department. “Project costs” or “costs of the project” include but are not limited to the expenses*  
 11 *incurred by a qualified housing sponsor for:*

12        (a) Studies and surveys;

13        (b) Plans, specifications, architectural and engineering services;

14        (c) Legal, organizational and other special services;

15        (d) Financing, acquisition, demolition, construction, equipment and site development of new and  
 16 rehabilitated housing units;

17        (e) Movement of existing buildings to new sites; the cost of acquisition, or estimated fair market  
 18 value, of land and other interests in real estate;

19        (f) Rehabilitation, reconstruction, repair or remodeling of existing buildings;

20        (g) Estimated carrying charges during construction and for a reasonable period thereafter;

21        (h) Placement of tenants or occupants and relocation services in connection with the housing  
 22 project;

23        (i) Reasonable builder’s or sponsor’s profit and risk allowance; and

24        (j) Development costs not otherwise included in this subsection.

25        *[(16)] (15) “Qualified housing sponsor” means, subject to the approval of the department under*  
 26 *ORS 456.620 (2):*

27        (a) A consumer housing cooperative;

28        (b) A limited dividend housing sponsor;

29        (c) A nonprofit housing corporation;

30        (d) A for-profit housing sponsor;

31        (e) A housing authority;

32        (f) An urban renewal agency created by ORS 457.035; and

33        (g) Any city or county governing body or agency or department designated by the governing  
 34 body.

35        *[(17)] (16) “Residential housing” means a specific work or improvement within this state under-*  
 36 *taken primarily to provide dwelling accommodations, including land development and acquisition,*  
 37 *construction or rehabilitation of buildings and improvements thereto, for residential housing, and*  
 38 *such other nonhousing facilities as may be incidental or appurtenant thereto and as the department*  
 39 *determines improve the quality of the development as it relates to **affordable or workforce** housing*  
 40 *[for persons or families of lower income and] or to the financial feasibility of the development.*  
 41 *“Residential housing” includes, but is not limited to, a specific work or improvement within this*  
 42 *state undertaken to provide mobile home or manufactured dwelling parks as defined in ORS 446.003.*  
 43 *As used in this subsection, “land development” includes, but is not limited to, the improvement of*  
 44 *streets and alleys and the construction of surface drains, sewers, curbing and sidewalks.*

45        *[(18)] (17) “Residential loan” means any of the following:*

1 (a) A loan that is for the acquisition, construction, improvement or rehabilitation of residential  
 2 housing and, if the loan is for acquisition or construction of residential housing, that is secured by  
 3 a first lien on real property located in the state and:

4 (A) Improved by a newly constructed, existing or rehabilitated residential structure for [*persons*  
 5 *or families of lower income*] **affordable or workforce housing**; or

6 (B) Unimproved if the proceeds of such loan shall be used for the erection of a residential  
 7 structure thereon, whether or not such loan is insured or guaranteed by the United States or any  
 8 instrumentality or agency thereof.

9 (b) An insured or guaranteed loan for the acquisition of manufactured housing or for the ac-  
 10 quisition of a lot described in ORS 92.840 by a manufactured dwelling park tenant.

11 (c) A loan for the purchase of a proprietary lease and related cooperative shares in a housing  
 12 cooperative formed under ORS chapter 62 secured by a security interest of first priority and a  
 13 pledge or an assignment of proprietary leases and related cooperative shares.

14 [(19)] (18) “Revolving account” means the Housing and Community Services Department Re-  
 15 volving Account created in ORS 456.574.

16 **SECTION 23.** ORS 456.550 is amended to read:

17 456.550. (1) There exists in this state a seriously inadequate supply of and a pressing need for  
 18 [*safe and sanitary dwelling accommodations within the financial means of persons and families of*  
 19 *lower income, including but not limited to persons and families displaced by the clearing of slums and*  
 20 *blighted areas or by other public programs*] **affordable and workforce housing**;

21 (2) Private lending institutions have been and will continue to be unable to provide necessary  
 22 financial support for [*lower income*] **affordable and workforce** housing and the resulting shortage  
 23 of financing has been in whole or in part responsible for the shortage of [*lower income*] **affordable**  
 24 **and workforce** housing;

25 (3) It is a valid public purpose to provide for the construction, rehabilitation, purchase, leasing  
 26 and refinancing of housing for such persons and families who would otherwise be unable to obtain  
 27 adequate dwelling accommodations which they could afford and to aid in the acquisition of land for  
 28 present or future developments including such housing accommodations;

29 (4) It is further found that the authority and powers conferred by ORS 456.548 to 456.725 and  
 30 ORS chapter 458 upon the Housing and Community Services Department and the Director of the  
 31 Housing and Community Services Department constitute a necessary public program and serve a  
 32 valid public purpose;

33 (5) To stimulate and increase the supply of **affordable and workforce** housing [*for persons and*  
 34 *families of lower income*] it is necessary that a central source of housing information, planning, ed-  
 35 ucational services and technical assistance and a revolving fund be established. The Housing and  
 36 Community Services Department shall be that central source in this state;

37 (6) It is the policy of this state to increase the amount of and improve the condition of [*low and*  
 38 *moderate income*] **affordable and workforce** housing by investing in developing local capacity to  
 39 build, rehabilitate and manage housing. A primary vehicle for building such capacity is the forma-  
 40 tion and expansion of community development corporations; and

41 (7) In that the farmworkers in this state benefit the social and economic welfare of all of the  
 42 people in Oregon by their unceasing efforts to bring a bountiful crop to market, the Legislative  
 43 Assembly declares that it is the policy of this state to ensure adequate accommodations  
 44 commensurate with the housing needs of Oregon’s farm workers that meet decent health, safety and  
 45 welfare standards. To accomplish this objective in the interest of all of the people in this state, it

1 is necessary that:

2 (a) Every state and local government agency that has powers, functions or duties with respect  
 3 to housing, land use or enforcing health, safety or welfare standards, under this or any other law,  
 4 shall exercise its powers, functions or duties consistently with state policy and in a manner that  
 5 will facilitate sustained progress in attaining the objectives established;

6 (b) Every state and local government agency with jurisdiction over farmworker activities must  
 7 make every effort to alleviate insanitary, unsafe and overcrowded accommodations;

8 (c) Special efforts should be directed toward mitigating hazards to families and children; and

9 (d) Accommodations must be designed to provide for the rights of free association to seasonal  
 10 farmworkers.

11 **SECTION 24.** ORS 456.559 is amended to read:

12 456.559. (1) The Housing and Community Services Department shall:

13 (a) Maintain current housing data and information concerning available programs, status of  
 14 funding, programs planned or undertaken which might conflict with, overlap, duplicate or supersede  
 15 other planned or existing programs and call these to the attention of appropriate state agencies,  
 16 governmental bodies and public or private housing sponsors.

17 (b) Maintain current data from local, state and federal sources concerning publicly supported  
 18 housing as that term is defined in ORS 456.250, the status of existing affordability restrictions as  
 19 that term is defined in ORS 456.250 and rental assistance contracts at publicly supported housing.

20 (c) Provide to appropriate state agencies, governmental bodies and public or private housing  
 21 sponsors such advisory and educational services as will assist them in the development of housing  
 22 plans and projects.

23 (d) Subject to the approval of the Oregon Housing Stability Council, make noninterest bearing  
 24 advances, in accordance with ORS 456.710 and the policies of the department, to qualified nonprofit  
 25 sponsors for development costs of housing projects until mortgage funds are released to repay the  
 26 advances as provided in ORS 456.710.

27 (e) Advise and assist appropriate state agencies, governmental bodies and public or private  
 28 housing sponsors, cities and counties, in all programs and activities which are designed or might  
 29 tend to fulfill the purposes of ORS 456.548 to 456.725 and ORS chapter 458.

30 (f) Encourage and assist in the planning, development, construction, rehabilitation and conser-  
 31 vation of *[dwelling units for persons and families of lower income]* **affordable and workforce hous-**  
 32 **ing.**

33 (g) Be the central state department to apply for, receive and distribute, on behalf of appropriate  
 34 state agencies, governmental bodies and public or private housing sponsors in the state, grants, gifts,  
 35 contributions, loans, credits or assistance from the federal government or any other source for  
 36 housing programs except when the donor, grantor, or lender of such funds specifically directs some  
 37 other agency to administer them. Moneys received under this section shall be deposited with the  
 38 State Treasurer in an account separate and distinct from the General Fund. Interest earned by the  
 39 account shall be credited to the account.

40 (h) For the purposes of acquiring moneys, credits or other assistance from any agency or  
 41 instrumentality of the United States or from any public corporation chartered by the United States,  
 42 comply with any applicable agreements or restrictions for the receipt of such assistance and become  
 43 a member of any such association or public corporation chartered by the United States.

44 (i) Assist individuals, appropriate state agencies, governmental bodies and public or private  
 45 housing sponsors through a program which provides housing information, planning, educational

1 services and technical assistance.

2 (j) Comply with the requirements of ORS 443.225 in assisting in the development of any housing  
 3 for residential care, training or treatment for persons with intellectual or developmental disabilities  
 4 or mental or emotional disturbances.

5 (2) Except as otherwise provided in ORS 456.255 to 456.265, 456.625 (7) and 458.480 to 458.490,  
 6 the department may not itself develop, construct, rehabilitate or conserve housing units; and neither  
 7 the department nor any housing sponsor, including but not limited to any association, corporation,  
 8 cooperative housing authority or urban renewal agency organized to provide housing and other fa-  
 9 cilities under ORS 456.548 to 456.725, may own, acquire, construct, purchase, lease, operate or  
 10 maintain utility facilities, including facilities for the generation of electricity, for the distribution  
 11 of gas and electricity, and for the conveyance of telephone and telegraph messages.

12 (3) In accordance with the provisions of this section and with the advice of the council, the  
 13 department shall establish statewide priorities for housing programs. State agencies shall coordinate  
 14 their housing programs with the department. All state agencies intending to apply for federal funds  
 15 for use in planning, developing or managing housing, or rendering assistance to governmental bodies  
 16 or sponsors or individuals involved therein shall submit a description of the proposed activity to the  
 17 department for review not less than 30 days prior to the intended date of submission of the appli-  
 18 cation to the federal agency. The department shall determine whether the proposal would result in  
 19 a program that would overlap, duplicate or conflict with any other housing program in the state. If  
 20 the department finds overlapping or duplication or conflict, it shall recommend modifications in the  
 21 application. The Oregon Department of Administrative Services shall consider these recommen-  
 22 dations in making its decision to approve or disapprove the application. The department shall com-  
 23 plete its review and forward its recommendations within 15 working days after receipt of the  
 24 notification. Failure of the department to complete the review within that time shall constitute ap-  
 25 proval of the application by the department.

26 (4) The Director of the Housing and Community Services Department may participate in dis-  
 27 cussions and deliberations of the council. The director may suggest policies and rules to the council,  
 28 including those necessary to stimulate and increase the supply of **affordable and workforce** hous-  
 29 ing [*for persons and families of lower income*].

30 **SECTION 25.** ORS 456.571 is amended to read:

31 456.571. (1) The Oregon Housing Stability Council shall, with the advice of the Director of the  
 32 Housing and Community Services Department, develop policies to:

33 (a) Aid in stimulating and increasing the supply of **affordable and workforce** housing [*for per-*  
 34 *sons and families of lower income*];

35 (b) Address geographic and racial disparities; and

36 (c) Ensure funds distributed by the Housing and Community Services Department contribute to  
 37 addressing other state priorities.

38 (2) The council shall make special effort to respond to both private and public actions that may  
 39 raise the cost of the housing supply in the open market[, *as the open market is the source of housing*  
 40 *for the preponderance of lower income households*].

41 (3) The council is responsible for studying and commenting upon, and advising the department,  
 42 Governor, Legislative Assembly, other state agencies and local governments concerning, local, state  
 43 and federal legislation or rules that affect the cost and supply of **affordable and workforce** housing,  
 44 both before and after the legislation and rules are enacted. For purposes of this subsection, “legis-  
 45 lation or rules that affect the cost and supply of **affordable and workforce** housing” includes but

1 is not limited to legislation or rules that would:

2 (a) Provide financing for the construction or rehabilitation of housing;

3 (b) Subsidize new or existing housing costs for [*lower income households by*] **affordable and**  
 4 **workforce housing through** income support, tax credit, or support service methods;

5 (c) Regulate the division of land;

6 (d) Regulate the use of land;

7 (e) Regulate building construction standards;

8 (f) Regulate fees and charges for inspection services, permits, or professional services related  
 9 to housing;

10 (g) Encourage alternatives that increase housing choices;

11 (h) Create or avert overlapping jurisdictional functions and the concomitant increased costs that  
 12 are reflected in housing prices;

13 (i) Create or avoid conflicting state and federal regulations that deprive [*lower income*] house-  
 14 holds of assistance; and

15 (j) Help or hinder compliance with the housing goals established by the Land Conservation and  
 16 Development Commission under ORS 197.240.

17 (4) The council, with the approval of the Governor, may initiate legal proceedings in the name  
 18 of the council to further the council's purposes under this section.

19 (5) The council shall exercise the responsibilities and powers of the council in a manner that  
 20 expedites the acquisition, construction, improvement or rehabilitation of housing.

21 (6) With respect to the Community Development Incentive Project Fund established under ORS  
 22 458.720, the council shall develop program guidelines, including specific project criteria and financ-  
 23 ing mechanisms, review applications seeking funding from the fund and make recommendations for  
 24 funding approval to the director and review proposals for cooperative agreements or joint projects  
 25 between the department and other state agencies to facilitate the goals of the fund.

26 (7) The council, in conjunction with the Community Action Partnership of Oregon, shall advise  
 27 and assist the department with rules, policies and programs regarding low income home energy as-  
 28 sistance under ORS 458.515.

29 (8) The council, in conjunction with the Community Action Partnership of Oregon, shall ensure  
 30 the coordination of state agency homelessness relief efforts.

31 **SECTION 26.** ORS 456.572 is amended to read:

32 456.572. (1) The Housing and Community Services Department shall develop a comprehensive  
 33 state plan for responding to the needs of [*very low income, low income and moderate income*]  
 34 Oregonians for housing and services, with the goal of providing affordable **and workforce** housing.  
 35 The department shall ensure that the development, annual updating and implementation of the state  
 36 housing plan involve substantial interagency coordination among appropriate federal, state and local  
 37 entities. The department shall provide the Oregon Housing Stability Council with adequate oppor-  
 38 tunity to review and provide input on the state housing plan to the department prior to the devel-  
 39 opment, annual updating and implementation of the state housing plan.

40 (2) The state housing plan shall contain, at a minimum:

41 (a) Information on market and inventory conditions including, but not limited to, population  
 42 trends, household composition, housing conditions and an inventory of assisted housing and public  
 43 housing;

44 (b) A needs assessment that summarizes data on the housing needs of homeless and income-  
 45 eligible families and includes a five-year projection;

1 (c) Strategies for a five-year period based upon a review of need and conditions including, but  
 2 not limited to, investment priorities, local and state policies, local institutional structure and local  
 3 activities for public housing resident management and ownership;

4 (d) A review of resources including, but not limited to, private, federal and nonfederal resources,  
 5 tax credits and a summary table of anticipated funding from each federal program and any state or  
 6 local resources available to meet matching requirements;

7 (e) A plan for coordination of resources reviewed under paragraph (d) of this subsection; and

8 (f) An implementation program translating the five-year strategy and resource review into plans  
 9 and goals for the number of families to be assisted each year, specifying plans for homeless assist-  
 10 ance and setting forth details on monitoring, fair housing and relocation.

11 (3) Before issuing the state housing plan, and before each annual update of that plan, the  
 12 Housing and Community Services Department shall hold at least one public hearing to receive  
 13 comments from public and private interests.

14 **SECTION 27.** Section 9, chapter 671, Oregon Laws 2019, as amended by section 16, chapter 678,  
 15 Oregon Laws 2021, is amended to read:

16 **Sec. 9.** (1) The Housing Acquisition Fund is established in the State Treasury, separate and  
 17 distinct from the General Fund. Interest earned by the Housing Acquisition Fund must be credited  
 18 to the fund. The Housing Acquisition Fund consists of moneys appropriated, allocated, deposited or  
 19 transferred to the fund by the Legislative Assembly or otherwise and interest earned on moneys in  
 20 the fund.

21 (2) Moneys in the fund are continuously appropriated to the Housing and Community Services  
 22 Department to provide funding for loans to purchasers of land for affordable **and workforce** housing  
 23 and naturally occurring affordable **and workforce** housing.

24 **SECTION 28.** ORS 456.612 is amended to read:

25 456.612. The Legislative Assembly finds and declares that the primary purpose of financing by  
 26 the Housing and Community Services Department is to provide affordable **and workforce** housing  
 27 *[for persons and families of lower income]*.

28 **SECTION 29.** ORS 456.625 is amended to read:

29 456.625. The Housing and Community Services Department may:

30 (1) Undertake and carry out studies and analyses of housing needs within the state and ways  
 31 of meeting such needs and make the results of such studies and analyses available to the public,  
 32 qualified housing sponsors and the private housing sector.

33 (2) Prepare proposals on measures it considers necessary to address administration, housing  
 34 programs or community services programs.

35 (3) With the approval of the Oregon Housing Stability Council, assess fees, charges or interest  
 36 in connection with housing programs.

37 (4) Encourage community organizations to assist in initiating **affordable and workforce** hous-  
 38 ing projects *[for persons and families of lower income]*.

39 (5) Encourage the salvage of usable housing scheduled for demolition or dislocation because of  
 40 highway, school, urban renewal or other public projects by seeking authority for the public agencies  
 41 involved in such programs to use the funds provided for the demolition or relocation of such  
 42 buildings to enable qualified housing sponsors to relocate and rehabilitate such buildings for *[use*  
 43 *by persons and families of lower income]* **affordable and workforce housing**.

44 (6) Encourage research and demonstration projects to develop techniques and methods for in-  
 45 creasing the supply of *[adequate, decent, safe and sanitary housing for persons and families of lower*

1 *income*] **affordable and workforce housing.**

2 (7) Make or participate in the making of residential loans to qualified individuals or housing  
3 sponsors to provide for the acquisition, construction, improvement, rehabilitation or permanent fi-  
4 nancing of residential housing or housing development; undertake commitments to make residential  
5 loans; purchase and sell residential loans at public or private sale; modify or alter such mortgages  
6 or loans; foreclose on any such mortgage or security interest or commence any action to protect  
7 or enforce any right conferred upon the department by any law, mortgage, security, agreement,  
8 contract or other agreement and to bid for and purchase property that is subject to such mortgage  
9 or security interest at any foreclosure or other sale; acquire or take possession of any such property  
10 and complete, administer, conserve, improve and otherwise use the property to accomplish the  
11 department's purposes, pay the principal and interest on any obligations incurred in connection with  
12 such property and dispose of such property in such manner as the department determines necessary  
13 to protect its interests under ORS 456.515 to 456.725 and ORS chapter 458.

14 (8) Unless specifically exempted by the State Treasurer, deposit with the State Treasurer any  
15 funds held in reserve or sinking funds under ORS 456.515 to 456.725 and ORS chapter 458 and any  
16 other moneys not required for immediate use or disbursement by the department, subject to the  
17 provisions of any agreement with holders of bonds entered into prior to October 15, 1983.

18 (9) Advise and assist in the creation of any nonprofit housing corporation, consumer housing  
19 cooperative or limited dividend housing sponsor and give approval of the articles of incorporation  
20 and bylaws of any such organization in carrying out ORS 456.515 to 456.725.

21 (10) Cooperate with and exchange services, personnel and information with any federal, state  
22 or local governmental agency.

23 (11) With the approval of the State Treasurer, contract for the services of and consultation with  
24 trustees, investment and financial advisors, paying agents, remarketing agents and other profes-  
25 sional persons or organizations in carrying out ORS 456.515 to 456.725 and ORS chapter 458.

26 (12) Contract for, act on or perform any other duties that the department considers necessary  
27 or appropriate to carry out housing programs and community services programs, including but not  
28 limited to contracting to provide compliance monitoring or other administrative functions with re-  
29 spect to housing developments and affordable **or workforce** housing, whether or not the housing  
30 developments or affordable **or workforce** housing receives department funding and whether or not  
31 the housing developments or affordable **or workforce** housing is located within this state. [*For*  
32 *purposes of this subsection, "affordable housing" has the meaning given that term in ORS 456.055.*]

33 (13) Purchase, service, sell and make commitments to purchase, service and sell residential loans  
34 to the extent permitted by ORS 456.635 and 456.640 (1) to (3).

35 (14) Initiate or assist appropriate state agencies, governmental bodies and public or private  
36 housing sponsors in the development, construction, acquisition, ownership, leasing, rehabilitation or  
37 management of housing to carry out the purposes of ORS 456.515 to 456.725 and ORS chapter 458  
38 where such housing is not otherwise [*affordable or*] available in the area.

39 (15) Execute and record written instruments that contain terms, including but not limited to  
40 restrictive covenants or equitable servitudes, pertaining to the use and enjoyment of housing  
41 projects. Notwithstanding any other provision of law, the executed instruments shall constitute and  
42 create restrictive covenants affecting and running with the property according to the terms of the  
43 instruments when recorded in the records of the county where the property is located. County clerks  
44 shall accept the instruments for recording when presented by or on behalf of the department.

45 (16) Subject to the provisions of any agreement then existing with bondholders, make available

1 funds by contract, grant, loan or otherwise, including loan guarantees, insurance or other financial  
 2 leveraging techniques, from moneys made available by the department to carry out the purposes of  
 3 ORS 456.515 to 456.725, if such moneys are not needed for the operations of the department or oth-  
 4 erwise determined by the Director of the Housing and Community Services Department to be a  
 5 necessary or prudent reserve.

6 (17) With the approval of the Oregon Housing Stability Council, award grants to private or  
 7 public entities to support or develop programs that build on successful strategies that help individ-  
 8 uals obtain and retain **affordable or workforce** housing, including through:

9 (a) Tenant education services [*for low-income tenants*], including Rent Guarantee Program  
 10 training under ORS 456.608 (3);

11 (b) Fair housing training for tenants and landlords;

12 (c) Technological innovations that help [*low-income*] individuals find and access available rental  
 13 housing; and

14 (d) Other education, services or resources for [*low-income*] **landlords**, tenants and prospective  
 15 tenants [*and for landlords who serve low-income tenants*].

16 **SECTION 30.** ORS 456.635 is amended to read:

17 456.635. (1) In order to provide additional permanent financing for **affordable and workforce**  
 18 housing [*for persons and families of lower income*] and for manufactured dwelling park tenant pur-  
 19 chases of lots described in ORS 92.840, the Housing and Community Services Department may make  
 20 commitments to purchase and purchase, insure, service and sell residential loans held by lending  
 21 institutions for [*persons and families of lower income*] **individuals in affordable or workforce**  
 22 **housing** in this state and for manufactured dwelling park tenant purchases of lots described in ORS  
 23 92.840. The department may purchase from lending institutions securities backed by residential  
 24 loans.

25 (2) Any commitment made by the department subject to subsection (1) of this section shall be  
 26 based upon an agreement with the lending institution that the proceeds received by the lending in-  
 27 stitution from the sale of such loans to the department shall be used by the lending institution only  
 28 for the financing of [*residential housing for persons and families of lower income*] **affordable or**  
 29 **workforce housing** in this state, including the financing of newly originated residential loans, or  
 30 for the financing of loans for the purchase of lots described in ORS 92.840 by manufactured dwelling  
 31 park tenants, provided the loans are made after the date of the department's commitment.

32 **SECTION 31.** ORS 456.690 is amended to read:

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

44 (2)(a) The department, subject to existing agreements with bondholders, may make privately or  
 45 federally insured or guaranteed loans for the rehabilitation or improvement of existing single-family

1 *[homes for persons and families of lower income]* **affordable and workforce housing**, manufactured  
 2 dwellings *[for persons and families of lower income]* or manufactured dwelling parks and manufac-  
 3 tured dwelling park nonprofit cooperatives *[that the department determines have a significant per-*  
 4 *centage of residents who are persons of lower income]*, if the department finds that:

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

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

9 (b) The department may cooperate with qualified housing sponsors in the development and im-  
 10 plementation of such loan programs. Loans made by the department under this subsection shall be  
 11 made for single-family *[homes]* **housing**.

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

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

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

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

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

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

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

26 (4) The department shall administer the loan program for rehabilitation or improvement of ex-  
 27 isting single-family *[homes for persons and families of lower income]* **affordable and workforce**  
 28 **housing** in accordance with the following requirements and loan criteria:

29 *[(a) Eligibility for a loan shall be based on current department income limitations.]*

30 *[(b) A loan may be assumed only by another person of lower income.]*

31 *[(c)]* (a) The single-family *[home]* **housing** for which a loan is made must be owner-occupied.

32 *[(d)]* (b) The maximum principal amount of a single loan is \$15,000.

33 *[(e)]* (c) An eligible borrower *[shall]* **may** have only one loan outstanding under this program  
 34 at any one time.

35 *[(f)]* (d) An eligible improvement including, but not limited to, a remodeling project shall be de-  
 36 fined by rule and the provisions of the Revenue Adjustments Act of 1980 (Public Law 96-499), as  
 37 adopted December 5, 1980, shall be recognized in that definition.

38 *[(g)]* (e) Loans shall be made in accordance with a distribution of population between urban and  
 39 rural areas that takes the availability of alternative resources into account.

40 *[(h)]* (f) The department shall work with qualified housing sponsors whenever it is appropriate  
 41 to do so.

42 (5) All loans made and all rules adopted under this section *[shall]* **must** be designed by the de-  
 43 partment, with the approval of the council, to expand the supply of funds available in this state for  
 44 the financing of residential housing units, manufactured dwellings, manufactured dwelling parks,  
 45 manufactured dwelling park nonprofit cooperatives and housing projects, *[for persons and families*

1 *whose income does not exceed maximum household income limits established by the department under*  
 2 *ORS 456.620 (4),] to provide an adequate supply of safe and sanitary units of such housing, and to*  
 3 *promote the effective participation of conventional lending institutions in the financing of such*  
 4 *housing and restrict the financial return and benefit to such lenders to that which is necessary and*  
 5 *reasonable to induce their participation under this section.*

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

9 **SECTION 32.** ORS 456.715 is amended to read:

10 456.715. (1) The Housing and Community Services Department may insure residential, manufac-  
 11 tured dwelling, manufactured dwelling park and manufactured dwelling park nonprofit cooperative  
 12 loans or obtain reinsurance on such loans. All such loans shall be used only to provide [*residential*  
 13 *housing for persons and families of lower income*] **affordable or workforce housing** and the insured  
 14 must agree to any restrictions placed upon [*such residential*] **the** housing by the department. The  
 15 department may establish dedicated accounts within the Housing Finance Fund to provide reserves  
 16 against losses in connection with that insurance.

17 (2) All applications for residential loan insurance under subsection (1) of this section shall be  
 18 made on such forms and accompanied by such application fee as the department may prescribe.

19 (3) The department shall notify the applicant of its determinations and the approval or denial  
 20 of the application.

21 (4) Notwithstanding subsection (1) of this section, the department may insure loans for manu-  
 22 factured dwelling units, manufactured dwelling parks and manufactured dwelling park nonprofit co-  
 23 operatives [*if the department determines that the unit, park or cooperative has a significant percentage*  
 24 *of residents who are persons of lower income*].

25 **SECTION 33.** ORS 456.722 is amended to read:

26 456.722. (1)(a) The Housing and Community Services Department shall, when awarding public  
 27 funds for [*low-income*] rental **affordable and workforce** housing, give a substantial preference to  
 28 [*low-income*] **affordable or workforce** housing providers that do not require applicants for such  
 29 housing to have net income greater than two times the rent.

30 (b) As used in this section, “public funds” includes all [*low-income*] rental housing grants, loans  
 31 or tax credits administered or awarded by the department, whether state, federal or otherwise, but  
 32 does not include funds derived from the sale of bonds by the department.

33 (c) Enforcement of the preference following an award of funds shall be by complaint to the de-  
 34 partment.

35 (2) The department shall adopt any rules necessary to implement this section.

36 **SECTION 34.** ORS 458.305 is amended to read:

37 458.305. The Legislative Assembly finds that:

38 (1) A critical shortage exists of suitable[, *affordable housing for households with an income below*  
 39 *the median income*] **affordable and workforce housing**. This shortage is particularly acute with  
 40 respect to rental housing.

41 (2) During the past half decade, the supply of rental **affordable and workforce** housing [*that is*  
 42 *affordable to households at or below the median income level*] has not kept pace with the demand.

43 (3) The lack of suitable[, *affordable*] **affordable and workforce** housing is a barrier to Oregon’s  
 44 development.

45 (4) It is in the economic and social interest of the state to encourage public agencies and private

1 parties to efficiently expand the supply of **affordable and workforce** housing in Oregon [*for house-*  
2 *holds at or below the median income level*].

3 (5) The quantity of public resources available to support the expansion and rehabilitation of [*low*  
4 *and moderate income*] **affordable and workforce** housing stock is limited. Consequently, it is the  
5 policy of this state to attempt to target the use of these resources so that a maximum amount of  
6 usable housing product is delivered to Oregon citizens at the minimum cost required for prudent  
7 program administration.

8 **SECTION 35.** ORS 458.310 is amended to read:

9 458.310. (1) The Oregon Housing Stability Council shall adopt rules to develop and administer  
10 a housing revitalization program for [*low and moderate income*] **affordable and workforce** housing.

11 (2) Applicants for revitalization program funds shall be:

12 (a) A unit of local government;

13 (b) A housing authority;

14 (c) A nonprofit corporation; or

15 (d) An applicant eligible under paragraph (a), (b) or (c) of this subsection who contracts with  
16 another entity, including a private for-profit corporation.

17 (3) Housing revitalization projects shall bring into use vacant and abandoned property or reha-  
18 bilitate substandard property, or both. Eligible project activities include, but are not limited to:

19 (a) Purchase of property;

20 (b) Rehabilitation of housing units;

21 (c) New construction to replace units for which rehabilitation is infeasible;

22 (d) Mortgage interest subsidies or reduction of principal loan amounts; or

23 (e) Other activities that have the effect of making [*properties available to and occupied by per-*  
24 *sons of lower income*] **affordable and workforce housing available**, such as loan guarantees.

25 (4) Projects funded by the housing revitalization program shall be rental or owner-occupied  
26 single or multifamily housing.

27 [(5) *The housing rehabilitation program shall create affordable housing in which rent levels are*  
28 *no higher than 30 percent of 80 percent of median income levels.*]

29 [(6)] (5) Priority shall be given to projects applied for under [*subsections (1) to (5) of*] this section  
30 that provide opportunities for [*low and moderate income persons*] **individuals** to own their housing  
31 units.

32 [(7)] (6) Priority among rental housing projects shall be given to projects applied for under  
33 [*subsections (1) to (5) of*] this section that:

34 [(a) *Have rent levels no higher than 30 percent of 50 percent of the median income level, or less;*]

35 [(b)] (a) Are owned and operated by a nonprofit or a governmental unit; and

36 [(c)] (b) Demonstrate a coordinated local effort to integrate housing, job placement and social  
37 services.

38 [(8)] (7) In implementing this section and ORS 458.305, the council shall work to ensure a rea-  
39 sonable geographic distribution of funds among different regions of the state and shall place special  
40 emphasis on ensuring that funds are available to projects in rural areas.

41 **SECTION 36.** ORS 458.375 is amended to read:

42 458.375. (1) The Housing and Community Services Department shall provide funds to assist [*very*  
43 *low income*] elderly persons to defray the cost of rental housing through programs administered by  
44 the department including, but not limited to, the Emergency Housing Account created in ORS  
45 458.620 and disbursed pursuant to ORS 458.650.

1 (2) The department shall adopt rules to carry out the provisions of this section.

2 (3) For purposes of this section[.],

3 [(a)] “elderly person” means a person 58 years of age or older.

4 [(b)] “*Very low income*” has the meaning given that term in ORS 458.610.]

5 **SECTION 37.** ORS 458.405 is amended to read:

6 458.405. The Legislative Assembly finds that:

7 (1) Safe[, *affordable*] and readily available **affordable and workforce** housing options [*for low-*  
8 *income individuals and families*] do not match the increasing need for such housing in this state.

9 (2) Much state-owned property is unused and could be made available to increase [*housing*  
10 *options for low-income individuals and families*] **affordable and workforce housing**.

11 (3) Unused property kept for long periods of time generally decreases in value.

12 (4) A method to dispose of or transfer such property and have it utilized for a public purpose  
13 is in the interests of the people of this state.

14 (5) It will further the public interest to put unused state-owned real property at the disposal of  
15 nonprofit housing providers and housing authorities to address the **affordable and workforce**  
16 housing needs [*of low-income individuals and families*] in this state.

17 **SECTION 38.** ORS 458.420 is amended to read:

18 458.420. Whenever the state or any state agency possesses or controls real property that might  
19 be used to further the public use of providing **affordable or workforce** housing [*options for low-*  
20 *income individuals and families*] that is unused for any other public purpose and in which no long-  
21 term policy exists to use it for another public purpose, then the state or its agency may sell, convey  
22 or lease for a period not to exceed 99 years, all or any part of its interest in the property to a  
23 nonprofit organization involved with providing [*low-income*] **affordable or workforce** housing  
24 options or to a housing authority. The consideration for the transfer may be cash or real property,  
25 or both.

26 **SECTION 39.** ORS 458.425 is amended to read:

27 458.425. Real property needed for a public use other than [*low-income housing shall*] **affordable**  
28 **and workforce housing may** not be sold, exchanged, leased or conveyed under the authority of  
29 ORS 458.405 to 458.460.

30 **SECTION 40.** ORS 458.445 is amended to read:

31 458.445. The state is hereby granted express power to relinquish the title to any of its property  
32 not needed for another public purpose to the United States Government or any other governmental  
33 body, political subdivision, housing authority or nonprofit organization involved with providing  
34 [*low-income*] **affordable or workforce** housing, in order to promote the public purpose of increasing  
35 housing options [*for low-income individuals and families in this state*].

36 **SECTION 41.** ORS 458.450 is amended to read:

37 458.450. Before the transfer of any state-owned real property under the provisions of ORS  
38 458.405 to 458.460 to a housing authority or a nonprofit organization involved with providing [*low-*  
39 *income*] **affordable or workforce** housing [*to individuals and families in this state*], the state or its  
40 agency, board or commission shall obtain approval of the governing body in which such property is  
41 located.

42 **SECTION 42.** ORS 458.480 to 458.490 are added to and made a part of ORS chapter 458.

43 **SECTION 43.** ORS 458.480 is amended to read:

44 458.480. As used in ORS 458.480 to 458.490:

45 [(1)] “*Affordable housing*” means residential housing that may be purchased or rented, with or

1 *without government assistance, by persons who meet the applicable income limits of local, state or*  
 2 *federally funded programs or developments.]*

3 [(2) “Area median income” means the median income for the county in which the subject housing  
 4 is located, adjusted for family size, as determined by the Housing and Community Services Department  
 5 using United States Department of Housing and Urban Development information.]

6 [(3)] (1) “Development costs” has the meaning given that term in ORS 456.548.

7 [(4) “Low income households” means:]

8 [(a) For affordable housing that may be rented, households of one or more individuals whose  
 9 combined incomes are at or below 60 percent of the area median income; or]

10 [(b) For affordable housing that may be purchased, households of one or more individuals whose  
 11 combined incomes are at or below 80 percent of the area median income.]

12 [(5)] (2) “Operate” means to have sufficient direct or indirect control of qualified property that  
 13 reasonably enables the Housing and Community Services Department, in its determination, to ensure  
 14 the qualified property’s use for the purpose of providing [*affordable*] housing under the Local Inno-  
 15 vation and Fast Track Housing Program established in ORS 458.485.

16 [(6)] (3) “Own” means to possess one or more interests as described in ORS 458.485 (3) in a  
 17 qualified property that reasonably enables the Housing and Community Services Department, in its  
 18 determination, to ensure the qualified property’s use for the purpose of providing [*affordable*] hous-  
 19 ing under the Local Innovation and Fast Track Housing Program established in ORS 458.485.

20 [(7)] (4) “Qualified property” means real or personal property, including infrastructure and  
 21 indebtedness related to the real or personal property.

22 **SECTION 44.** ORS 458.485 is amended to read:

23 458.485. (1) The Housing and Community Services Department shall, with the advice and consent  
 24 of the Oregon Housing Stability Council, develop and implement the Local Innovation and Fast  
 25 Track Housing Program for the purpose of expanding the state’s supply of affordable **and workforce**  
 26 housing [*for low income households*].

27 (2) The department may use funds available pursuant to Article XI-Q of the Oregon Constitution  
 28 and deposited in the Local Innovation and Fast Track Housing Program Fund established under ORS  
 29 458.490 to:

30 (a) Acquire, construct, remodel, repair, equip or furnish qualified property that is or will be  
 31 owned or operated by the State of Oregon for the purpose of providing affordable **and workforce**  
 32 housing [*in this state for low income households*]; and

33 (b) Pay development costs to develop qualified property that may be considered part of the cost  
 34 of a capital asset under generally accepted accounting principles.

35 (3) Interests in real property acquired by the State of Oregon or the department under this  
 36 section are limited to the following:

37 (a) A fee simple interest in land or improvements;

38 (b) A leased fee interest, meaning an ownership interest with the rights of use and occupancy  
 39 conveyed by lease to others;

40 (c) A tenancy in common for which the state’s or department’s interest in the property is  
 41 proportionate to the contribution of the state or department to the property’s purchase price;

42 (d) A fee simple interest in a condominium; or

43 (e) An easement, right of way, license or similar interest functionally related to and necessary  
 44 for the use of qualified property acquired by the state or department.

45 (4) In funding the acquisition, construction, remodeling, repairing, equipping or furnishing of

1 qualified property under the program, the department, with the advice and consent of the council,  
 2 may:

3 (a) Adopt criteria that:

4 (A) Provide the greatest number of [*affordable*] housing units for the amount of funding provided;

5 (B) Ensure the longest possible use of the qualified property as affordable **or workforce** housing  
 6 units;

7 (C) Optimize the function and duration of the affordable **or workforce** housing project; and

8 (D) Take into account the means to reduce the cost of the affordable **or workforce** housing  
 9 project while considering factors such as the quality of construction, durability, location and local  
 10 design requirements;

11 (b) Create restrictive covenants and other encumbrances or lien interests, create entities, co-  
 12 operate or participate with persons or entities and contract with persons and entities; and

13 (c) Operate qualified property.

14 (5) Moneys made available through the program must be distributed or used statewide and  
 15 concentrated in areas of this state with the greatest need for affordable **or workforce** housing, as  
 16 determined by the department with the advice and consent of the council.

17 (6) For purposes of implementing the program, the council shall develop strategies to:

18 (a) Reach historically underserved communities, including communities of color and rural com-  
 19 munities;

20 (b) Reduce the cost of acquiring, constructing, remodeling, repairing, equipping or furnishing  
 21 qualified property that is owned or operated by the state for the purpose of providing affordable **or**  
 22 **workforce** housing; and

23 (c) Involve Department of Human Services child welfare and self-sufficiency programs.

24 (7) The Director of the Housing and Community Services Department shall report regularly to  
 25 the council regarding the status and progress of the program and of the Housing and Community  
 26 Services Department's responsibilities for implementing and administering the program.

27 (8) The department, with the advice and consent of the council, shall adopt rules to implement  
 28 the provisions of this section, including but not limited to prescribing requirements for acquiring,  
 29 constructing, remodeling, repairing, equipping or furnishing qualified property that is owned or op-  
 30 erated by the state for the purpose of providing affordable **or workforce** housing under the program.

31 **SECTION 45.** ORS 458.605 is amended to read:

32 458.605. The Legislative Assembly finds that:

33 (1) The number of people who are homeless is on the rise in this state, as across the nation.

34 (2) Homeless people can be found in every county and city in this state.

35 (3) Family members, including children, represent the majority of the increase in the homeless  
 36 population.

37 (4) Facilitating housing for families with children reduces the need for other state services such  
 38 as foster care and child abuse treatment.

39 (5) Facilitating shelter so that homeless people do not have to live outdoors or in cars reduces  
 40 weather-related illness, thereby reducing health care costs and services required for this population.

41 (6) Developing affordable **or workforce** housing in Oregon is necessary to maintain the quality  
 42 of life, create jobs and to further economic development.

43 **SECTION 46.** ORS 458.610 is amended to read:

44 458.610. For purposes of ORS 458.600 to 458.665:

45 [(1) "Area median income" means the area median income, subject to adjustment for areas with

1 *unusually high or low incomes or housing costs, all as determined by the Oregon Housing Stability*  
 2 *Council based on information from the United States Department of Housing and Urban*  
 3 *Development.]*

4 [(2)] (1) “Council” means the Oregon Housing Stability Council established in ORS 456.567.

5 [(3)] (2) “Department” means the Housing and Community Services Department established in  
 6 ORS 456.555.

7 [(4)] “Low income” means income that is more than 50 percent and not more than 80 percent of the  
 8 area median income.]

9 [(5)] “Moderate income” means income that is more than 80 percent and not more than 120 percent  
 10 of the area median income.]

11 [(6)] (3) “Organization” means a:

- 12 (a) Nonprofit corporation established under ORS chapter 65;
- 13 (b) Housing authority established under ORS 456.055 to 456.235;
- 14 (c) Local government as defined in ORS 197.015; or
- 15 (d) Federally recognized Indian tribe that owns land in this state.

16 [(7)] (4) “Persons of color” has the meaning given that term by rule by the department.

17 [(8)] (5) “Persons with disabilities” means persons with handicaps described in 42 U.S.C. 3602(h).

18 [(9)] “Very low income” means income that is 50 percent or less of the area median income.]

19 [(10)] (6) “Veteran” has the meaning given that term by the department by rule.

20 **SECTION 47.** ORS 458.625 is amended to read:

21 458.625. (1) There is established the Housing Development Grant Program in the Housing and  
 22 Community Services Department for the purpose of expanding the supply of affordable **and**  
 23 **workforce** rental housing *[for persons with low or very low income]*.

24 (2) The program shall pay the costs incurred in the administration of the program and award  
 25 grants:

26 (a) To assist organizations and for-profit business entities in constructing new housing, or in  
 27 acquiring or rehabilitating existing structures, for **affordable or workforce** housing *[for persons*  
 28 *with low or very low income]*.

29 (b) To provide nonprofit organizations, as set forth in ORS 458.210 to 458.240, with technical  
 30 assistance or predevelopment costs. Predevelopment costs include site acquisition, architectural  
 31 services and project consultants.

32 (c) To develop nonprofit organizations that show sufficient evidence of having strong community  
 33 support and a strong likelihood of producing **affordable or workforce** housing *[for persons with low*  
 34 *or very low income]*. Grants may not be used by an organization for its general operations.

35 (d) To match public and private moneys available from other sources for production of **afford-**  
 36 **able or workforce** housing *[for persons with low or very low income]*.

37 (3) The department shall give preference in making grants from the program to those entities  
 38 that the department determines will:

39 (a) Construct, acquire or rehabilitate the greatest number per dollar granted of housing units  
 40 *[for persons with low or very low income]* by acquiring matching funds or other grant, loan or eligible  
 41 in-kind contributions;

42 (b) Ensure the longest use for the units as **affordable or workforce** housing *[for persons with*  
 43 *low or very low income]*; or

44 (c) Offer the occupants of the proposed housing services relevant to identified needs, including  
 45 services that address home health care, mental health care, alcohol and drug treatment and post-

1 treatment care, child care or case management.

2 (4) The Oregon Housing Stability Council may adopt policies obligating the department to dis-  
3 tribute grants statewide while concentrating grants from the program in those areas of this state  
4 with the greatest need, as determined by the council, for **affordable or workforce** housing [*for*  
5 *persons with low or very low income*].

6 **SECTION 48.** ORS 458.630 is amended to read:

7 458.630. (1) The Housing and Community Services Department may use the Housing Develop-  
8 ment and Guarantee Account to establish a Guarantee Fund. The department may use the fund to  
9 pay the costs and expenses incurred in the administration of the fund and to guarantee repayment  
10 of loans made to finance the construction, development, acquisition or rehabilitation of:

11 (a) **Affordable or workforce** housing for rental or ownership [*by persons with very low, low or*  
12 *moderate income*]; or

13 (b) The commercial component of a structure that contains both commercial property and **af-**  
14 **fordable or workforce** housing [*for persons with very low, low or moderate income*].

15 (2) The department shall specify by rule the grounds on which it may deny loan guarantees for  
16 a structure described under subsection (1)(b) of this section, including the grounds that the structure  
17 contains a commercial component that is excessive in scope or that is of a type incompatible with  
18 residential housing.

19 (3) The Oregon Housing Stability Council shall review and approve policies for underwriting  
20 loans guaranteed by the Guarantee Fund to ensure that the loans meet prudent underwriting stan-  
21 dards.

22 (4) A guarantee may not be prepared or construed in such a manner as to violate the provisions  
23 of Article XI, section 7, of the Oregon Constitution.

24 (5) The department may not issue any loan guarantee under this section that:

25 (a) Guarantees the repayment of more than 50 percent of the original principal balance of any  
26 loan; or

27 (b) Would cause the aggregate dollar amount of all loan guarantees issued by the department  
28 under this section to exceed two times the total amount then in the Guarantee Fund.

29 (6) The council may adopt preferences for using the Guarantee Fund to guarantee loans that the  
30 department determines will:

31 (a) Provide the greatest number of housing units [*for persons with very low, low or moderate in-*  
32 *come*] constructed, acquired, developed or rehabilitated for the amount of guarantee allowed;

33 (b) Ensure the longest possible use for the units as **affordable or workforce** housing [*units for*  
34 *persons with very low, low or moderate income*]; or

35 (c) Include a program of services for the occupants of the proposed housing including, but not  
36 limited to, programs that address home health care, mental health services, alcohol and drug treat-  
37 ment and post-treatment care, child care or case management, if the housing proposed is multifamily  
38 rental housing.

39 (7) The council may adopt a policy that gives loan guarantee preference to loans for housing  
40 or structures described in subsection (1) of this section for which the department has provided a  
41 grant, loan, tax credit or other investment.

42 (8) Subject to approval by the council, each fiscal year the department may make a transfer from  
43 the Housing Development and Guarantee Account to the Affordable **and Workforce** Housing Land  
44 Acquisition Revolving Loan Program under ORS 456.502 in an amount not to exceed 50 percent of  
45 the difference between the balance of the Guarantee Fund and one-half of the aggregate amount of

1 all outstanding loans guaranteed by the Guarantee Fund.

2 **SECTION 49.** ORS 458.655 is amended to read:

3 458.655. (1) The Home Ownership Assistance Account is administered by the Housing and Com-  
4 munity Services Department to expand this state's supply of [*homeownership housing for families and*  
5 *individuals with income at or below area median income,*] **owner-occupied affordable or workforce**  
6 **housing** including persons over 65 years of age, persons of color, indigenous persons, members of  
7 federally recognized Indian tribes, persons with disabilities, veterans and agricultural workers. An  
8 amount equal to 25 percent of moneys deposited in the account pursuant to ORS 294.187 is dedicated  
9 for expenditure to expand this state's supply of [*homeownership*] housing for veterans and families  
10 of veterans. The Oregon Housing Stability Council shall have a policy of distributing funds state-  
11 wide while concentrating funds in those areas of this state with the greatest need, as determined  
12 by the council. The council's policy of distributing funds may differ from the distribution policy for  
13 the Housing Development and Guarantee Account.

14 (2) Funds in the Home Ownership Assistance Account must be used for:

15 (a) Grants to organizations that provide down payment assistance;

16 (b) Grants to organizations that both sponsor and manage homeownership programs for [*house-*  
17 *holds with income at or below area median income*] **affordable or workforce housing**; or

18 (c) Grants and technical assistance to organizations that[, *in working with households with in-*  
19 *come at or below area median income,*] assist persons of color in obtaining homeownership **of af-**  
20 **fordable or workforce housing** under ORS 458.658.

21 (3) The council shall develop a policy for disbursing grants or technical assistance under sub-  
22 section (2) of this section for any or all of the following purposes:

23 (a) To aid homeownership programs for [*households with income at or below area median*  
24 *income*] **affordable or workforce housing**, including program administration, providing assistance  
25 with down payment costs, or providing homeownership training and qualification services or any  
26 combination thereof. Funds in the Home Ownership Assistance Account may not be used by an or-  
27 ganization to pay for its general operations that do not support homeownership.

28 (b) To match public and private moneys available from other sources to provide homeownership  
29 assistance for [*households with income at or below area median income*] **affordable or workforce**  
30 **housing**.

31 (c) To administer the Home Ownership Assistance Account as provided for in the legislatively  
32 approved budget, as that term is defined in ORS 291.002, for the Housing and Community Services  
33 Department.

34 (4) The council, in developing policy under subsection (3) of this section, shall give preference  
35 in making grants to those entities that propose to:

36 (a) Ensure long-term affordability and opportunities for generational wealth building, including  
37 through loan forgiveness or shared equity;

38 (b) Ensure the longest use for the units as [*homeownership housing units for households with*  
39 *income at or below area median income*] **owner-occupied affordable or workforce housing**, such  
40 as by including some form of equity recapture, land trust or shared equity provisions, as determined  
41 by the council;

42 (c) Include services for occupants and proposed occupants of housing including homeownership  
43 training, mortgage qualification service and financial literacy; and

44 (d) Support a comprehensive strategy to reverse the decreasing rates of homeownership among  
45 persons of color, giving priority to activities that support and incorporate best practices or demon-

1 strate proven success in increasing homeownership for persons of color or receive grants or tech-  
2 nical assistance under ORS 458.658.

3 **SECTION 50.** ORS 458.660 is amended to read:

4 458.660. (1) Except as provided in subsection (2) of this section, the Housing and Community  
5 Services Department shall disburse the moneys credited to the Agricultural Worker Housing De-  
6 velopment Account to expand this state's supply of **affordable and workforce** housing for [*low and*  
7 *very low income*] agricultural workers.

8 (2) The department may expend funds from the account for administration of the account as  
9 provided for in the legislatively approved budget, as that term is defined in ORS 291.002, for the  
10 department.

11 **SECTION 51.** ORS 458.665 is amended to read:

12 458.665. (1) The Housing and Community Services Department shall administer the General  
13 Housing Account.

14 (2) The department shall disburse moneys credited to the account to accomplish the purposes  
15 described in ORS 456.515 to 456.725, except that 25 percent of moneys deposited in the account  
16 pursuant to ORS 294.187 is dedicated for expenditure to meet the critical housing needs of veterans  
17 in this state.

18 (3) The department may disburse moneys in the account by contract, grant, loan or otherwise  
19 as the department determines necessary.

20 (4) The department may set interest rates on loans made with moneys in the account.

21 (5) The department shall establish guidelines for the types of loans financed with moneys in the  
22 account by rule.

23 (6) The department may use moneys in the account to pay allowable administrative expenses  
24 incurred under ORS 456.515 to 456.725.

25 (7) The department may, in the director's discretion, return moneys received for deposit in the  
26 account to the original source of the moneys.

27 (8) The department may accept moneys for deposit in the account pursuant to ORS 458.620 (4)  
28 and enter into agreements regarding the use of moneys deposited with the original source of the  
29 moneys.

30 (9) The department shall adopt rules that:

31 (a) Subject to subsection (2) of this section, govern the allocation of moneys deposited in the  
32 account to best meet critical housing needs and build organizational capacity of partners throughout  
33 this state; and

34 (b) Consistent with subsection (10) of this section, require equitable distribution of resources  
35 over time based on objective measures of need, including the number and percentage of [*low and*  
36 *very low income*] households **with unmet need for affordable and workforce housing** in an area.

37 (10) The Oregon Housing Stability Council shall adopt a policy that provides for distribution by  
38 the department of account moneys and account investment revenue statewide while concentrating  
39 account moneys and account investment revenue in those areas of this state with the greatest need,  
40 as determined by the council, for **affordable and workforce** housing [*for persons with a low or very*  
41 *low income*].

42 **SECTION 52.** ORS 93.269 is amended to read:

43 93.269. (1) An instrument that conveys, or contracts to convey, a fee simple interest in real  
44 property may not cause, or purport to cause, a declaration or covenant to be filed or recorded  
45 against the title to the real property if the declaration or covenant requires, or purports to require,

1 the payment of a fee, commission or other payment to the declarant or to another person specified  
 2 in the declaration or covenant, or to the declarant's or other person's successors or assigns, upon  
 3 a transfer of a fee simple interest in the property.

4 (2) A declaration or covenant that requires, or purports to require, the payment of a fee, com-  
 5 mission or other payment upon the transfer of a fee simple interest in real property to the declarant  
 6 or other person specified in the declaration or covenant, or to the declarant's or other person's  
 7 successors or assigns, upon a transfer of a fee simple interest in the property or that otherwise vi-  
 8 olates subsection (1) of this section, is void.

9 (3) Subsections (1) and (2) of this section do not apply to the following:

10 (a) An instrument that conveys or contracts to convey a fee simple interest in real property that  
 11 provides for a grantee to pay consideration to a grantor for the interest in real property being  
 12 transferred, including but not limited to any subsequent additional consideration for the property the  
 13 grantee must pay based upon any subsequent appreciation, development or sale of the property.

14 (b) A requirement in a mortgage loan agreement for paying mortgage principal, interest and fees  
 15 upon sale of the property by the mortgagee.

16 (c) A limited liability company, limited liability partnership, corporation, joint venture or part-  
 17 nership agreement in which a member, shareholder, joint venturer or partner contributes real  
 18 property to the limited liability company, limited liability partnership, corporation, joint venture or  
 19 partnership.

20 (d) An agreement that provides for a series of related transfers of the fee simple interest in a  
 21 real property, if the agreement identifies with specificity the price of the transferred interest, all  
 22 consideration given, party names and other essential terms for each transfer of interest that is part  
 23 of the series.

24 (e) An affordable housing covenant, servitude, easement, condition or restriction in a deed,  
 25 declaration, land sale contract, loan agreement, promissory note, trust deed, mortgage, security  
 26 agreement or other instrument, including but not limited to instruments created as provided under  
 27 ORS 456.270 to 456.295 if:

28 (A) The proceeds of any fee, commission or other payment to a declarant or to another person  
 29 specified in the instrument, or to the declarant's or other person's successors or assigns, are used  
 30 exclusively to benefit the property, or to support activities that directly benefit the residents of the  
 31 property, that is subject to the instrument; and

32 (B) The instrument is executed by:

33 (i) A public body as defined in ORS 174.109;

34 (ii) An agency of the United States;

35 (iii) A public benefit corporation, religious corporation or foreign corporation, all as defined in  
 36 ORS 65.001, if the purposes of the corporation include providing affordable **or workforce** housing  
 37 [*for low income households and moderate income households as those terms are defined in ORS*  
 38 *456.270*] **as those terms are defined in ORS 456.005**;

39 (iv) A limited liability company, as defined in ORS 63.001, that has a membership composed of  
 40 one or more corporations described in sub-subparagraph (iii) of this subparagraph;

41 (v) A consumer housing cooperative as defined in ORS 456.548;

42 (vi) A manufactured dwelling park nonprofit cooperative, as defined in ORS 62.803; or

43 (vii) A federally recognized Indian tribe.

44 (f) A requirement for the payment of a fee to:

45 (A) A homeowners association as defined in ORS 94.550;

1 (B) An association of unit owners as defined in ORS 100.005;

2 (C) A managing entity of a timeshare plan, as those terms are defined in ORS 94.803;

3 (D) Any other owners' association that is governed by recorded covenants, conditions and re-  
4 strictions; or

5 (E) An agent for an association or managing entity described in subparagraphs (A) to (D) of this  
6 paragraph.

7 (g) An agreement between a real estate licensee and a grantor or grantee that provides for any  
8 commission payable to the real estate licensee for the transfer of the real property.

9 **SECTION 53.** ORS 197.748 is amended to read:

10 197.748. (1) Except as provided in this section and notwithstanding any statewide land use  
11 planning goals or land use regulations, a local government shall unconditionally allow the conver-  
12 sion of the lawful use of a property:

13 (a) From use as a hotel or motel, to use as an emergency shelter.

14 (b) From use as a hotel or motel, or a hotel or motel that was converted to an emergency shelter  
15 under paragraph (a) of this subsection, to use as affordable housing.

16 (2) This section applies only to areas:

17 (a) Within an urban growth boundary;

18 (b) Not designated by the local government as specifically for heavy industrial uses;

19 (c) With adequate transportation access to commercial and medical services; and

20 (d) Not within an area designated for a statewide land use planning goal relating to natural  
21 disasters or hazards, including flood plains or mapped environmental health hazards, unless the  
22 converted use complies with regulations directly related to the disasters or hazards.

23 (3) A local government may require a converted use under this section to comply with:

24 (a) Applicable building codes;

25 (b) Occupancy limits; or

26 (c) For uses under subsection (1)(b) of this section, reasonable standards relating to siting or  
27 design, if the standards do not, individually or cumulatively, prohibit the conversion through un-  
28 reasonable costs or delay.

29 (4) A conversion under this section is not a land use decision as defined in ORS 197.015.

30 (5) A local government is not required to consider whether the conversion significantly affects  
31 an existing or planned transportation facility for the purposes of implementing a statewide land use  
32 planning goal relating to transportation.

33 (6) As used in this section:

34 (a) "Affordable housing" means housing in which all units are affordable to households with in-  
35 comes equal to or less than 60 percent of the area median income as defined in ORS [458.610]  
36 **456.005** and whose affordability is enforceable by an affordable housing covenant, as described in  
37 ORS 456.270 to 456.295, for a duration of no less than 30 years.

38 (b) "Conversion" includes an alteration to a building that changes the number of units but does  
39 not expand the building footprint.

40 (c) "Emergency shelter" means a building that provides shelter on a temporary basis for indi-  
41 viduals and families who lack permanent housing.

42 (d) "Lawful use" includes a nonconforming use as described in ORS 215.130 (6) or any other lo-  
43 cal land use regulation allowing for the continuation of a use that was lawful when first enacted.

44 **SECTION 54.** Section 9, chapter 552, Oregon Laws 2021, is amended to read:

45 **Sec. 9.** (1) Notwithstanding ORS 197.250 or 197.612 or any statewide land use planning goal, the

1 Department of Land Conservation and Development shall approve Stevens Road planning amend-  
 2 ments provided the department determines, in its discretion, that the Stevens Road planning  
 3 amendments, with respect to the Stevens Road tract, include:

4 (a) An inventory of significant historical artifacts, cultural sites and natural resources.

5 (b) Areas designated for recreational and open space.

6 (c) Land use regulations for the protection and preservation of significant resources and desig-  
 7 nated areas identified in paragraphs (a) and (b) of this subsection.

8 (d) Land use regulations that comply with applicable wildfire planning and development re-  
 9 quirements, including requirements in regulations adopted to implement a statewide planning goal  
 10 relating to natural disasters and hazards.

11 (e) Areas designated for adequate employment lands that account for the city's most recent  
 12 economic opportunity analysis, including consideration of subsequent economic development activ-  
 13 ities and trends.

14 (f) Within areas zoned for residential purposes, without counting the lands designated under  
 15 subsection (2) of this section, land use regulations for housing that:

16 (A) Ensure adequate opportunities for the development of all needed housing types, sizes and  
 17 densities of market-rate housing, including middle housing as defined in ORS 197.758;

18 (B) Exceed the proportions of single-family attached and multifamily housing called for in the  
 19 city's most recently adopted housing needs analysis under ORS 197.296 (3);

20 (C) Exceed a minimum density standard of nine residential units per gross residential acre; and

21 (D) On the date the Stevens Road planning amendments are approved, comply with land use  
 22 regulations adopted by the city, or any minimum applicable rules adopted by the department, to  
 23 implement ORS 197.758 and the amendments to ORS 197.312 by section 7, chapter 639, Oregon Laws  
 24 2019.

25 (g) Sufficient areas designated for mixed use development to support and integrate viable com-  
 26 mercial and residential uses along with transportation options, including walking, bicycling and  
 27 transit use.

28 (h) Land use regulations ensuring that:

29 (A) Adequate capacity is available, or feasible with development, for water, sewer and storm  
 30 water services; and

31 (B) Adequate consideration is given to the financing, scheduling and development of urban ser-  
 32 vices, as defined in ORS 195.065.

33 (i) Land use regulations for transportation that:

34 (A) Ensure the development of adequate infrastructure to support walking, bicycling, public  
 35 transit and motor vehicle movement; and

36 (B) Give adequate consideration to transportation networks that connect the Stevens Road tract  
 37 to other areas within the urban growth boundary of the city.

38 (j) The adequate consideration of the recommendations and comments received under section 8  
 39 (3) to (5), **chapter 552, Oregon Laws 2021** [of this 2021 Act].

40 (2) The department may not approve the planning amendments under subsection (1) of this sec-  
 41 tion unless the planning amendments designate at least 20 net acres of land to be:

42 (a) Restricted so the area may be zoned, planned, sited or developed only for residential housing  
 43 units at a minimum density of nine residential units per gross acre;

44 (b) Conveyed to the city at a price per acre established under section 4 (2)(b), **chapter 552,**  
 45 **Oregon Laws 2021** [of this 2021 Act]; and

1 (c) Notwithstanding ORS 91.225 or 197.309, preserved for a period of no less than 50 years as  
 2 affordable to own or rent as follows:

3 (A) At least 12 net acres made affordable to:

4 (i) Households with incomes of 60 percent or less of the area median income, as defined in ORS  
 5 ~~[456.270]~~ **456.005**; or

6 (ii) If part of an income-averaging program approved by the Housing and Community Services  
 7 Department, households whose incomes average 60 percent or less of the area median income.

8 (B) At least six net acres:

9 (i) Made affordable to households with incomes of 80 percent or less of the area median income;  
 10 and

11 (ii) Made available, to the extent permitted by law, in a manner that gives a priority to house-  
 12 holds in which at least one individual is employed by an education provider over other members of  
 13 the public.

14 (C) At least two net acres in which at least 80 percent of the units in each contiguous devel-  
 15 opment tract are made affordable to households with 80 percent or less of the area median income,  
 16 of which at least one net acre is made available, to the extent permitted by law, in a manner that  
 17 gives a priority to households in which at least one individual is employed by an education provider  
 18 over other members of the public.

19 (3) Upon a partition or subdivision of the Stevens Road tract following the approval of the  
 20 planning amendments under subsection (1) of this section establishing one or more lots or parcels  
 21 described in subsection (2) of this section, the owner shall transfer those lots or parcels to the city.  
 22 For a period of 99 years after the purchase of property under this section, if the city resells any lot  
 23 or parcel, the city may recover only the city's costs of the purchase and resale of the property.

24 (4) Neither the city nor the Department of Land Conservation and Development is obligated to  
 25 adopt any specific findings or evaluate any specific criteria in exercising its discretion with respect  
 26 to any Stevens Road planning amendments under this section and may receive, solicit or consider  
 27 information from any source.

28 (5) As used in this section, "education provider" means a school district as defined in ORS  
 29 332.002, an educational program under the Youth Corrections Education Program or Juvenile De-  
 30 tention Education Program as both are defined in ORS 326.695, or an education service district as  
 31 defined in ORS 334.003.

32 **SECTION 55.** ORS 221.729 is amended to read:

33 221.729. *[(1) As used in this section, "low income household" and "moderate income household"*  
 34 *have the meanings given those terms in ORS 456.270.]*

35 *[(2)]* (1) Notwithstanding ORS 221.725, and in lieu of a program established under ORS 221.727,  
 36 as provided in this section, a city council may sell city-owned real property for the purpose of de-  
 37 veloping *[affordable]* rental and owner-occupied **affordable and workforce** housing *[for low income*  
 38 *households or moderate income households]*, **as defined in ORS 456.005.**

39 *[(3)]* (2) Before selling property under this section, the city council must invite persons inter-  
 40 ested in developing the property for use as affordable **or workforce** housing *[for low income house-*  
 41 *holds or moderate income households]* to submit proposals for development to the city council.

42 *[(4)]* (3) The city council, or an appropriate administrative subdivision of the city, shall review  
 43 proposals submitted under subsection *[(3)]* (2) of this section and recommend whether a proposal  
 44 should be accepted. A proposal may only be accepted by a vote of the city council.

45 *[(5)]* (4) Property sold under this section must be subject to an affordable housing covenant as

1 described in ORS 456.270 to 456.295.

2 **SECTION 56.** ORS 307.092 is amended to read:

3 307.092. (1) As used in this section, “property of a housing authority” includes, but is not limited  
4 to:

5 (a) Property that is held under lease or lease purchase agreement by the housing authority; and

6 (b) Property of a partnership, nonprofit corporation or limited liability company for which the  
7 housing authority is a general partner, limited partner, director, member, manager or general man-  
8 ager, if the property is leased or rented [*to persons of lower income*] for **affordable** housing, **as de-**  
9 **fin**ed in ORS 456.005 [*purposes*].

10 (2)(a) The property of a housing authority is declared to be public property used for essential  
11 public and governmental purposes and, upon compliance with ORS 307.162, the property and the  
12 housing authority are exempt from all taxes and special assessments of the city, the county, the  
13 state or any political subdivision of the city, county or state.

14 (b) In lieu of taxes or special assessments, the authority may agree to make payments to the  
15 city, county or political subdivision for improvements, services and facilities furnished by the city,  
16 county or political subdivision for the benefit of a housing project, but in no event may the payments  
17 exceed the estimated cost to the city, county or political subdivision of the improvements, services  
18 or facilities furnished.

19 (3) Notwithstanding subsection (2) of this section, property of a housing authority that is com-  
20 mercial property leased to a taxable entity is not exempt from taxation and special assessments  
21 under this section.

22 **SECTION 57.** ORS 307.110 is amended to read:

23 307.110. (1) Except as provided in ORS 307.120, all real and personal property of this state or  
24 any institution or department thereof or of any county or city, town or other municipal corporation  
25 or political subdivision of this state, held under a lease or other interest or estate less than a fee  
26 simple, by any person whose real property, if any, is taxable, except employees of the state,  
27 municipality or political subdivision as an incident to such employment, shall be subject to assess-  
28 ment and taxation for the assessed or specially assessed value thereof uniformly with real property  
29 of nonexempt ownerships.

30 (2) Each leased or rented premises not exempt under ORS 307.120 and subject to assessment and  
31 taxation under this section which is located on property used as an airport and owned by and  
32 serving a municipality or port shall be separately assessed and taxed.

33 (3) Nothing contained in this section shall be construed as subjecting to assessment and taxation  
34 any publicly owned property described in subsection (1) of this section that is:

35 (a) Leased for student housing by a school or college to students attending such a school or  
36 college.

37 (b) Leased to or rented by persons, other than sublessees or subrenters, for agricultural or  
38 grazing purposes and for other than a cash rental or a percentage of the crop.

39 (c) Utilized by persons under a land use permit issued by the Department of Transportation for  
40 which the department’s use restrictions are such that only an administrative processing fee is able  
41 to be charged.

42 (d) County fairgrounds and the buildings thereon, in a county holding annual county fairs,  
43 managed by the county fair board under ORS 565.230, if utilized, in addition to county fair use, for  
44 any of the purposes described in ORS 565.230 (2), or for horse stalls or storage for recreational ve-  
45 hicles or farm machinery or equipment.

1 (e) The properties and grounds managed and operated by the State Fair Council under ORS  
 2 chapter 565, if utilized, in addition to the purpose of holding the Oregon State Fair, for horse stalls  
 3 or for storage for recreational vehicles or farm machinery or equipment.

4 (f) State property that is used by a public university listed in ORS 352.002 or the Oregon Health  
 5 and Science University to provide parking for employees, students or visitors.

6 (g) Property of a housing authority created under ORS chapter 456 which is leased or rented  
 7 [*to persons of lower income*] for **affordable** housing pursuant to the public and governmental pur-  
 8 poses of the housing authority. [*For purposes of this paragraph, “persons of lower income” has the*  
 9 *meaning given that term in ORS 456.055.*]

10 (h) Property of any county or city, town or other municipal corporation or political subdivision  
 11 of this state that is used for affordable housing or is leased or rented [*to persons of lower income for*  
 12 *housing*] pursuant to the public and governmental purposes of the county or city, town or other  
 13 municipal corporation or political subdivision of this state. For purposes of this paragraph, “afford-  
 14 able housing” [*and “persons of lower income” have the meanings given those terms in ORS 456.055*]  
 15 **has the meaning given that term in ORS 456.055.** The exemption under this paragraph shall be  
 16 granted upon compliance with ORS 307.162.

17 (i) Property of a health district if:

18 (A) The property is leased or rented for the purpose of providing facilities for health care  
 19 practitioners practicing within the county; and

20 (B) The county is a frontier rural practice county under rules adopted by the Office of Rural  
 21 Health.

22 (j) Property of a port if:

23 (A) The port:

24 (i) Is organized under ORS chapter 777; and

25 (ii) Has a board of commissioners appointed by the Governor; and

26 (B) The property is:

27 (i) Located in a county with a population of less than 450,000; and

28 (ii) Used or held for future use by a person other than the port pursuant to an agreement that  
 29 obligates the person to provide common carrier rail freight service to shippers.

30 (4) Property determined to be an eligible project for tax exemption under ORS 285C.600 to  
 31 285C.635 and 307.123 that was acquired with revenue bonds issued under ORS 285B.320 to 285B.371  
 32 and that is leased by this state, any institution or department thereof or any county, city, town or  
 33 other municipal corporation or political subdivision of this state to an eligible applicant shall be  
 34 assessed and taxed in accordance with ORS 307.123. The property’s continued eligibility for taxation  
 35 and assessment under ORS 307.123 is not affected:

36 (a) If the eligible applicant retires the bonds prior to the original dates of maturity; or

37 (b) If any applicable lease or financial agreement is terminated prior to the original date of ex-  
 38 piration.

39 (5) The provisions of law for liens and the payment and collection of taxes levied against real  
 40 property of nonexempt ownerships shall apply to all real property subject to the provisions of this  
 41 section. Taxes remaining unpaid upon the termination of a lease or other interest or estate less than  
 42 a fee simple, shall remain a lien against the real or personal property.

43 (6) If the state enters into a lease of property with, or grants an interest or other estate less  
 44 than a fee simple in property to, a person whose real property, if any, is taxable, then within 30 days  
 45 after the date of the lease, or within 30 days after the date the interest or estate less than a fee

1 simple is created, the state shall file a copy of the lease or other instrument creating or evidencing  
2 the interest or estate with the county assessor. This section applies notwithstanding that the prop-  
3 erty may otherwise be entitled to an exemption under this section, ORS 307.120 or as otherwise  
4 provided by law.

5 **SECTION 58.** ORS 307.110, as amended by section 4, chapter 287, Oregon Laws 2013, is  
6 amended to read:

7 307.110. (1) Except as provided in ORS 307.120, all real and personal property of this state or  
8 any institution or department thereof or of any county or city, town or other municipal corporation  
9 or political subdivision of this state, held under a lease or other interest or estate less than a fee  
10 simple, by any person whose real property, if any, is taxable, except employees of the state,  
11 municipality or political subdivision as an incident to such employment, shall be subject to assess-  
12 ment and taxation for the assessed or specially assessed value thereof uniformly with real property  
13 of nonexempt ownerships.

14 (2) Each leased or rented premises not exempt under ORS 307.120 and subject to assessment and  
15 taxation under this section which is located on property used as an airport and owned by and  
16 serving a municipality or port shall be separately assessed and taxed.

17 (3) Nothing contained in this section shall be construed as subjecting to assessment and taxation  
18 any publicly owned property described in subsection (1) of this section that is:

19 (a) Leased for student housing by a school or college to students attending such a school or  
20 college.

21 (b) Leased to or rented by persons, other than sublessees or subrenters, for agricultural or  
22 grazing purposes and for other than a cash rental or a percentage of the crop.

23 (c) Utilized by persons under a land use permit issued by the Department of Transportation for  
24 which the department's use restrictions are such that only an administrative processing fee is able  
25 to be charged.

26 (d) County fairgrounds and the buildings thereon, in a county holding annual county fairs,  
27 managed by the county fair board under ORS 565.230, if utilized, in addition to county fair use, for  
28 any of the purposes described in ORS 565.230 (2), or for horse stalls or storage for recreational ve-  
29 hicles or farm machinery or equipment.

30 (e) The properties and grounds managed and operated by the State Fair Council under ORS  
31 chapter 565, if utilized, in addition to the purpose of holding the Oregon State Fair, for horse stalls  
32 or for storage for recreational vehicles or farm machinery or equipment.

33 (f) State property that is used by a public university listed in ORS 352.002 or the Oregon Health  
34 and Science University to provide parking for employees, students or visitors.

35 (g) Property of a housing authority created under ORS chapter 456 which is leased or rented  
36 [to persons of lower income] for **affordable** housing pursuant to the public and governmental pur-  
37 poses of the housing authority. [For purposes of this paragraph, "persons of lower income" has the  
38 meaning given that term in ORS 456.055.]

39 (h) Property of any county or city, town or other municipal corporation or political subdivision  
40 of this state that is used for affordable housing or is leased or rented [to persons of lower income for  
41 housing] pursuant to the public and governmental purposes of the county or city, town or other  
42 municipal corporation or political subdivision of this state. For purposes of this paragraph, "afford-  
43 able housing" [and "persons of lower income" have the meanings given those terms in ORS 456.055]  
44 **has the meaning given that term in ORS 456.005.** The exemption under this paragraph shall be  
45 granted upon compliance with ORS 307.162.

1 (i) Property of a health district if:

2 (A) The property is leased or rented for the purpose of providing facilities for health care  
3 practitioners practicing within the county; and

4 (B) The county is a frontier rural practice county under rules adopted by the Office of Rural  
5 Health.

6 (4) Property determined to be an eligible project for tax exemption under ORS 285C.600 to  
7 285C.635 and 307.123 that was acquired with revenue bonds issued under ORS 285B.320 to 285B.371  
8 and that is leased by this state, any institution or department thereof or any county, city, town or  
9 other municipal corporation or political subdivision of this state to an eligible applicant shall be  
10 assessed and taxed in accordance with ORS 307.123. The property's continued eligibility for taxation  
11 and assessment under ORS 307.123 is not affected:

12 (a) If the eligible applicant retires the bonds prior to the original dates of maturity; or

13 (b) If any applicable lease or financial agreement is terminated prior to the original date of ex-  
14 piration.

15 (5) The provisions of law for liens and the payment and collection of taxes levied against real  
16 property of nonexempt ownerships shall apply to all real property subject to the provisions of this  
17 section. Taxes remaining unpaid upon the termination of a lease or other interest or estate less than  
18 a fee simple, shall remain a lien against the real or personal property.

19 (6) If the state enters into a lease of property with, or grants an interest or other estate less  
20 than a fee simple in property to, a person whose real property, if any, is taxable, then within 30 days  
21 after the date of the lease, or within 30 days after the date the interest or estate less than a fee  
22 simple is created, the state shall file a copy of the lease or other instrument creating or evidencing  
23 the interest or estate with the county assessor. This section applies notwithstanding that the prop-  
24 erty may otherwise be entitled to an exemption under this section, ORS 307.120 or as otherwise  
25 provided by law.

26 **SECTION 59.** ORS 307.162 is amended to read:

27 307.162. (1)(a) Before any real or personal property may be exempted from taxation under ORS  
28 307.092, 307.110 (3)(h), 307.115, 307.118, 307.130 to 307.140, 307.145, 307.147, 307.150, 307.160, 307.181  
29 (3), 307.513, 307.555 or 307.580 for any tax year, the institution, organization or person entitled to  
30 claim the exemption must file a claim with the county assessor, on or before April 1 preceding the  
31 tax year for which the exemption is claimed. The claim must contain statements, verified by the  
32 oath or affirmation of the president or other proper officer of the institution or organization or the  
33 person, that:

34 (A) List all real property claimed to be exempt and show the purpose for which the real property  
35 is used; and

36 (B) Cite the statutes under which exemption for personal property is claimed.

37 (b)(A) Notwithstanding paragraph (a) of this subsection, a claim for an initial year of exemption  
38 under ORS 307.140 (4) must be filed with the Department of Revenue.

39 (B) If the ownership of all property, other than property described in ORS 307.110 (3)(h), 307.140  
40 (4) or 307.555, included in the claim filed with the county assessor for a prior year remains un-  
41 changed, a new claim is not required.

42 (c) When the property designated in the claim for exemption is acquired after March 1 and be-  
43 fore July 1, the claim for that year must be filed within 30 days from the date of acquisition of the  
44 property.

45 (2)(a) Notwithstanding subsection (1) of this section, a claim may be filed under this section for

1 the current tax year:

2 (A) On or before December 31 of the tax year, if the claim is accompanied by a late filing fee  
 3 of the greater of \$200, or one-tenth of one percent of the real market value as of the most recent  
 4 assessment date of the property to which the claim pertains.

5 (B) On or before April 1 of the tax year, if the claim is accompanied by a late filing fee of \$200  
 6 and the claimant demonstrates good and sufficient cause for failing to file a timely claim, is a  
 7 first-time filer or is a public entity described in ORS 307.090.

8 (b)(A) Notwithstanding subsection (1) of this section, a claimant that demonstrates good and  
 9 sufficient cause for failing to file a timely claim, is a first-time filer or is a public entity described  
 10 in ORS 307.090 may file a claim under this section for the five tax years prior to the current tax  
 11 year:

12 (i) Within 60 days after the date on which the county assessor mails notice of additional taxes  
 13 owing under ORS 311.206 for the property to which the claim filed under this subparagraph pertains;  
 14 or

15 (ii) At any time if no notice is mailed.

16 (B) A claim filed under this paragraph must be accompanied by a late filing fee of the greater  
 17 of \$200, or one-tenth of one percent of the real market value as of the most recent assessment date  
 18 of the property to which the claim pertains, multiplied by the number of prior tax years for which  
 19 exemption is claimed.

20 (c) If a claim filed under this subsection is not accompanied by the late filing fee or if the late  
 21 filing fee is not otherwise paid, an exemption may not be allowed for the tax years sought by the  
 22 claim. A claim may be filed under this subsection notwithstanding that there are no grounds for  
 23 hardship as required for late filing under ORS 307.475.

24 (d) The value of the property used to determine the late filing fee under this subsection and the  
 25 determination of the county assessor relative to a claim of good and sufficient cause are appealable  
 26 in the same manner as other acts of the county assessor.

27 (e) A late filing fee collected under this subsection must be deposited in the county general fund.

28 (3)(a) In a claim for exemption of property described in ORS 307.110 (3)(h), the county or city,  
 29 town or other municipal corporation or political subdivision of this state that is filing the claim must  
 30 substantiate that the property is used for affordable housing [*or that it is leased or rented to persons*  
 31 *of lower income, as applicable*].

32 (b) A claim filed under this subsection must be filed annually on a form prescribed by the De-  
 33 partment of Revenue.

34 (4) As used in this section:

35 (a) “First-time filer” means a claimant that:

36 (A) Has never filed a claim for the property that is the subject of the current claim; and

37 (B) Did not receive notice from the county assessor on or before December 1 of the tax year for  
 38 which exemption is claimed regarding the potential property tax liability of the property.

39 (b)(A) “Good and sufficient cause” means an extraordinary circumstance beyond the control of  
 40 the taxpayer or the taxpayer’s agent or representative that causes the failure to file a timely claim.

41 (B) “Good and sufficient cause” does not include hardship, reliance on misleading information  
 42 unless the information is provided by an authorized tax official in the course of the official’s duties,  
 43 lack of knowledge, oversight or inadvertence.

44 (c) “Ownership” means legal and equitable title.

45 (5)(a) Notwithstanding subsection (1) of this section, if an institution or organization owns

1 property that is exempt from taxation under a provision of law listed in subsection (1) of this section  
2 and fails to file a timely claim for exemption under subsection (1) of this section for additions or  
3 improvements to the exempt property, the additions or improvements may nevertheless qualify for  
4 exemption.

5 (b) The organization must file a claim for exemption with the county assessor to have the addi-  
6 tions or improvements to the exempt property be exempt from taxation. The claim must:

7 (A) Describe the additions or improvements to the exempt property;

8 (B) Describe the current use of the property that is the subject of the application;

9 (C) Identify the tax year and any preceding tax years for which the exemption is sought;

10 (D) Contain any other information required by the department; and

11 (E) Be accompanied by a late filing fee equal to the product of the number of tax years for  
12 which exemption is sought multiplied by the greater of \$200 or one-tenth of one percent of the real  
13 market value as of the most recent assessment date of the property that is the subject of the claim.

14 (c) Upon the county assessor's receipt of a completed claim and late filing fee, the assessor shall  
15 determine for each tax year for which exemption is sought whether the additions or improvements  
16 that are the subject of the claim would have qualified for exemption had a timely claim been filed  
17 under subsection (1) of this section. Any property that would have qualified for exemption had a  
18 timely claim been filed under subsection (1) of this section is exempt from taxation for each tax year  
19 for which the property would have qualified.

20 (d) A claim for exemption under this subsection may be filed only for tax years for which the  
21 time for filing a claim under subsections (1) and (2)(a) of this section has expired. A claim filed under  
22 this subsection, however, may serve as the claim required under subsection (1) of this section for  
23 the current tax year.

24 (e) A late filing fee collected under this subsection must be deposited in the county general fund.

25 (6) For each tax year for which an exemption granted pursuant to subsection (2) or (5) of this  
26 section applies:

27 (a) Any tax, or interest attributable thereto, that was paid with respect to the property that is  
28 declared exempt from taxation must be refunded. Refunds must be made without interest from the  
29 unsegregated tax collections account established under ORS 311.385.

30 (b) Any tax, or interest attributable thereto, that remains unpaid as of the date the exemption  
31 is granted must be abated.

32 (7) If an institution, organization or person owns property that is exempt from taxation under  
33 a provision of law listed in subsection (1) of this section and changes the use of the property to a  
34 use that would not entitle the property to exemption from taxation, the institution or organization  
35 must notify the county assessor of the change to a taxable use within 30 days.

36 **SECTION 60.** ORS 476.392 is amended to read:

37 476.392. (1) The State Fire Marshal shall establish minimum defensible space requirements for  
38 wildfire risk reduction on lands in areas identified on the statewide map of wildfire risk described  
39 in ORS 477.490 as within the wildland-urban interface.

40 (2) The State Fire Marshal:

41 (a) Shall consult with the Oregon Fire Code Advisory Board to establish the requirements.

42 (b) Shall establish requirements that are consistent with and do not exceed the standards per-  
43 taining only to defensible space that are set forth in the International Wildland-Urban Interface  
44 Code published by the International Code Council, including the standards pertaining only to  
45 defensible space that are set forth in sections 603 and 604 of the code.

1 (c) May consider best practices specific to Oregon in order to establish the requirements.

2 (d) Shall periodically reexamine the standards set forth in the International Wildland-Urban  
3 Interface Code and update the requirements to reflect current best practices, in consultation with  
4 the Oregon Fire Code Advisory Board.

5 (e) Shall enforce the requirements that are applicable to lands within the jurisdiction of a local  
6 government.

7 (f) Shall adopt rules governing administration of the requirements.

8 (g) May develop and apply a graduated fee structure for use in assessing penalties on property  
9 owners for noncompliance with the requirements.

10 (h) Shall consult on implementation of the requirements.

11 (i) May adopt rules concerning reports by local governments described in subsection (4)(a) of  
12 this section.

13 (3) Subject to additional local requirements, the requirements shall apply statewide for all lands  
14 in the wildland-urban interface that are designated as extreme or high risk, as identified on the map.

15 (4) Notwithstanding subsection (2) of this section, a local government may:

16 (a) Administer, consult on and enforce the requirements established by the State Fire Marshal,  
17 within the jurisdiction of the local government. A local government that administers or enforces the  
18 requirements established by the State Fire Marshal shall periodically report to the State Fire Mar-  
19 shal regarding compliance with the requirements, including the extent of compliance for each prop-  
20 erty within the jurisdiction of the local government, any change in the degree of compliance since  
21 the last report and any other information required by the State Fire Marshal by rule.

22 (b) Adopt and enforce local requirements for defensible space that are greater than the re-  
23 quirements established by the State Fire Marshal. Any local requirements that a local government  
24 adopts for defensible space must be defensible space standards selected from the framework set forth  
25 in the International Wildland-Urban Interface Code or other best practices specific to Oregon.

26 (c) Designate local fire districts, fire departments or fire agencies to enforce the requirements  
27 established by the State Fire Marshal or the local government pursuant to paragraph (b) of this  
28 subsection. A local government that designates enforcement must comply with the reporting re-  
29 quirements in paragraph (a) of this subsection.

30 (5) The State Fire Marshal shall administer a community risk reduction program that empha-  
31 sizes education and methods of prevention with respect to wildfire risk, enforcement of defensible  
32 space requirements, response planning and community preparedness for wildfires.

33 (6) The State Fire Marshal may provide financial, administrative, technical or other assistance  
34 to a local government to facilitate the administration and enforcement of requirements within the  
35 jurisdiction of the local government. A local government shall expend financial assistance provided  
36 by the State Fire Marshal under this subsection to give priority to the creation of defensible space:

37 (a) On lands owned by members of socially and economically vulnerable communities, persons  
38 with limited proficiency in English and *[persons of lower income as defined in ORS 456.055]* **house-**  
39 **holds with income less than or equal to 80 percent of the area median income, as defined in**  
40 **ORS 456.005.**

41 (b) For critical or emergency infrastructure.

42 (c) For schools, hospitals and facilities that serve seniors.

43 **SECTION 61.** Section 1, chapter 553, Oregon Laws 2021, is amended to read:

44 **Sec. 1.** (1) As used in this section:

45 (a) “Accessory dwelling unit” has the meaning given that term in ORS 215.501.

1 (b) “ADU community pilot program” means one or more programs established, implemented and  
 2 operated by a nonprofit organization to invest in developing accessory dwelling units for eligible  
 3 homeowners and available for lease by eligible tenants.

4 (c) “Area median income” has the meaning given that term in ORS [458.610] **456.005**.

5 (d) “Eligible homeowner” means:

6 (A) A household that owns and resides in a home and has an income at or below the area me-  
 7 dian income; or

8 (B) A nonprofit organization, including the organization receiving a grant under this section,  
 9 that owns a home that is rented to a household with an income at or below the area median income.

10 (e) “Eligible tenant” means a person or household with an income that is below 60 percent of  
 11 the area median income.

12 (f) “Nonprofit organization” means an organization or group of organizations that is described  
 13 in section 501(c)(3) of the Internal Revenue Code and is exempt from income tax under section 501(a)  
 14 of the Internal Revenue Code.

15 (2) The Housing and Community Services Department shall provide a grant to a nonprofit or-  
 16 ganization to fund ADU community pilot programs developed by the organization or its subgrantees  
 17 that must:

18 (a) Assess the suitability of an eligible homeowner’s property for siting and construction of an  
 19 accessory dwelling unit;

20 (b) Provide or assist with the financing, documentation, siting, construction and cleanup of an  
 21 accessory dwelling unit on an eligible homeowner’s property;

22 (c) Identify, screen and enter into lease agreements with eligible tenants who will reside in ac-  
 23 cessory dwelling units developed under the program on an eligible homeowner’s property;

24 (d) Provide professional property management services for the eligible homeowner; and

25 (e) Require that eligible homeowners maintain the accessory dwelling units as affordable to eli-  
 26 gible tenants for a period of no less than 10 years.

27 (3) The nonprofit organization receiving a grant under subsection (2) of this section may dis-  
 28 tribute grant funds to subgrantees that are nonprofit organizations for ADU community pilot pro-  
 29 grams described in subsection (2) of this section.

30 (4) Upon being awarded a grant under this section, the grant recipient shall enter into an  
 31 agreement with the department that:

32 (a) Indicates the purposes for which the grant funds may be used;

33 (b) Includes the repayment provisions set forth in subsection (5) of this section;

34 (c) Permits the department to conduct audits and monitoring of the grant recipient regarding the  
 35 purposes for which grant funds have been used; and

36 (d) Requires the grant recipient to report on the use of funds in a manner described by the de-  
 37 partment.

38 (5)(a) The grant recipient shall repay to the department, in whole or in part, grant funds re-  
 39 ceived under this section, to the extent that:

40 (A) The grant recipient does not use the grant funds in accordance with the provisions of the  
 41 grant agreement executed between the department and the grant recipient under subsection (4) of  
 42 this section; or

43 (B) The Director of the Housing and Community Services Department determines that the grant  
 44 recipient must repay all or part of the grant funds on grounds of misappropriation, fraud or similar  
 45 reasons after monitoring the grant recipient’s operations and conducting an administrative hearing

1 under ORS 183.413 to 183.470.

2 (b) Funds received by the department under this subsection shall be paid into the State Treasury  
3 and credited to the General Housing Account created under ORS 458.620.

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