

Senate Bill 1020

Sponsored by Senator HAYDEN

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**.

Directs Housing and Community Services Department to establish and administer pilot program to award grants to counties to implement home modification programs.

Sunsets January 2, 2029.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to expanding the supply of affordable housing; and declaring an emergency.

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

4 **SECTION 1. (1) As used in this section:**

5 (a) **“Auxiliary dwelling unit” means a new residential rental space within an existing**
6 **single-family dwelling that is:**

7 (A) **Compliant with all applicable building and housing codes;**

8 (B) **Suitable for an individual to occupy as a tenant under a rental agreement; and**

9 (C) **Developed with funds received under a home modification program.**

10 (b) **“Building and housing codes” includes any law, ordinance or governmental regulation**
11 **concerning fitness for habitation, or the construction, maintenance, operation, occupancy,**
12 **use or appearance of any premises or dwelling unit.**

13 (c) **“Home modification program” means a program implemented by a county that re-**
14 **ceives a grant under the pilot grant program established under this section for purposes of**
15 **providing funding to owners to develop auxiliary dwelling units.**

16 (d) **“Owner” means one or more persons, jointly or severally, in whom is vested all or**
17 **part of the legal title to a single-family dwelling.**

18 (e) **“Roomer” means a person residing at an auxiliary dwelling unit that shares one or**
19 **more of the following facilities with the owner: bathroom facilities, kitchen facilities and**
20 **laundry facilities.**

21 (f) **“Single-family dwelling” means a residential structure designed as a residence for one**
22 **family and sharing no common wall with another residence of any type.**

23 (g) **“Tenant” means a person, including a roomer, entitled under a rental agreement to**
24 **occupy an auxiliary dwelling unit to the exclusion of others.**

25 (h) **“Vacation occupancy” means occupancy in a dwelling unit that has all of the following**
26 **characteristics:**

27 (A) **The occupant rents the unit for vacation purposes only, not as a principal residence;**

28 (B) **The occupant has a principal residence other than at the unit; and**

29 (C) **The period of authorized occupancy does not exceed 30 days.**

30 (2) **The Housing and Community Services Department shall establish and administer a**

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 pilot grant program to expand the supply of affordable housing in this state by awarding
 2 grants to counties to fund projects to develop auxiliary dwelling units within single-family
 3 dwellings.

4 (3)(a) In administering the pilot grant program, the department shall award grants to
 5 counties in accordance with this section.

6 (b) The department shall execute a grant agreement with counties that receive a grant,
 7 obligating the counties to use grant moneys for permissible purposes specified by the de-
 8 partment.

9 (c) The department shall make grant awards from the Auxiliary Dwelling Unit Fund
 10 created under section 2 of this 2023 Act.

11 (d) To be eligible for a grant under this section, a county must submit a completed ap-
 12 plication in the form and manner prescribed by the department.

13 (e) A grant awarded to a county may not exceed \$1,000,000.

14 (f) A maximum of 10 counties may receive a grant.

15 (4)(a) In implementing a home modification program, a county shall provide funding to
 16 owners to develop auxiliary dwelling units in accordance with this section.

17 (b) A county shall execute a funding agreement with owners that receive funding, obli-
 18 gating the owners to use moneys for permissible purposes specified by the department.

19 (c) Funding provided to a single owner may not exceed \$20,000.

20 (5) To be eligible for funding under a home modification program, an owner:

21 (a) Must submit a completed application to the county in the form and manner prescribed
 22 by the department.

23 (b) Must own the single-family dwelling to be modified.

24 (c) Must occupy the single-family dwelling as a primary residence.

25 (d) Must offer to rent the developed auxiliary dwelling unit to persons who are not family
 26 members for a minimum of 60 months following the date on which the auxiliary dwelling unit
 27 is completed.

28 (e) May not charge rental rates for the auxiliary dwelling unit in excess of market rates
 29 for the area in which the unit is located as determined by the county.

30 (f) May not use the auxiliary dwelling unit to rent to persons for purposes of vacation
 31 occupancy.

32 (g) Must demonstrate that the single-family dwelling is in habitable condition, current
 33 on property taxes and mortgage payments, if any, and otherwise unencumbered by any type
 34 of lien or judgment.

35 (h) Must meet any other reasonable requirements established by the department by rule.

36 (6) An owner may use funding received under a home modification program to pay local
 37 permitting fees.

38 (7) If an owner who receives funding fails to offer to rent the auxiliary dwelling unit for
 39 60 months as described in subsection (5) of this section, the owner shall notify and reimburse
 40 the county a prorated amount based on the number of months the owner offered to rent the
 41 unit as a percentage of the agreed upon 60-month term.

42 (8) The department shall adopt rules necessary for the administration of this section,
 43 including:

44 (a) Application standards and procedures for the department to determine the eligibility
 45 of a county to receive a grant and the amount of a grant if a county is eligible.

1 **(b) Application standards and procedures for counties to determine the eligibility of an**
 2 **owner to receive funding to develop an auxiliary dwelling unit and the amount of funding if**
 3 **an owner is eligible. At a minimum, the application must require an owner to provide a de-**
 4 **scription of how the single-family dwelling will be modified to develop an auxiliary dwelling**
 5 **unit in accordance with this section and applicable building and housing codes.**

6 **(9)(a) A county may use up to \$50,000 of a grant awarded under this section to pay for**
 7 **the administrative costs of working with the department or implementing a home modifica-**
 8 **tion program.**

9 **(b) As a condition of providing funding to an owner, a county may impose a lien on the**
 10 **single-family dwelling to ensure the owner satisfies all requirements associated with receiv-**
 11 **ing funding prior to any future sale of the property.**

12 **(10) Notwithstanding any other provision of law, any increased value to a single-family**
 13 **dwelling resulting from the development of an auxiliary dwelling unit may not be taken into**
 14 **account in calculating the assessed value of the single-family dwelling under ORS 308.146.**

15 **SECTION 2. The Auxiliary Dwelling Unit Fund is established in the State Treasury, sep-**
 16 **arate and distinct from the General Fund. The Auxiliary Dwelling Unit Fund consists of**
 17 **moneys appropriated, allocated, deposited or transferred to the fund by the Legislative As-**
 18 **sembly or otherwise. Moneys in the fund are continuously appropriated to the Housing and**
 19 **Community Service Department to provide grants to counties under section 1 of this 2023**
 20 **Act.**

21 **SECTION 3. In addition to and not in lieu of any other appropriation, there is appropri-**
 22 **ated to the Housing and Community Service Department, for the biennium beginning July**
 23 **1, 2023, out of the General Fund, the amount of \$10,000,000 for deposit in the Auxiliary**
 24 **Dwelling Unit Fund created under section 2 of this 2023 Act.**

25 **SECTION 4. Sections 1 and 2 of this 2023 Act are repealed on January 2, 2029.**

26 **SECTION 5. This 2023 Act being necessary for the immediate preservation of the public**
 27 **peace, health and safety, an emergency is declared to exist, and this 2023 Act takes effect**
 28 **on its passage.**