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D R A F T

SUMMARY

Directs Housing and Community Services Department to develop and implement Local Innovation and Fast Track Housing Program to expand state's supply of affordable housing for low income individuals or families.

Authorizes department to acquire, construct, remodel, repair, equip or furnish real property that is or will be owned by state to provide affordable housing for low income individuals or families. Authorizes department to pay development costs to develop real property, and to create entities, cooperate or participate with persons or entities and contract with persons and entities. Limits types of interests in real property that may be owned by state or department under program.

Directs Oregon Housing Stability Council to develop strategies to implement program.

Requires Director of Housing and Community Services Department to report regularly to council regarding status and progress of program and department's responsibilities for implementing and administering program.

Directs department to adopt rules to implement program.

Creates Local Innovation and Fast Track Housing Program Fund. Continuously appropriates moneys in fund to department for purposes of program.

Requires department to report to interim committees of Legislative Assembly on or before February 1 of each of years 2017, 2018 and 2019 regarding implementation of program.

Appropriates moneys from General Fund to department for biennial expenses related to development of affordable housing for low income individuals or families through program.

Limits biennial expenditures for payment of expenses related to development of affordable housing for low income individuals or families from fees, moneys or other revenues, including Miscellaneous Receipts and reimbursements from federal service agreements, but excluding lottery funds and federal funds, collected or received by department.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to the Housing and Community Services Department; creating new
3 provisions; amending ORS 270.100 and 456.559; and declaring an emer-
4 gency.

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

6 **SECTION 1. As used in sections 1 to 3 of this 2016 Act:**

7 (1) **“Affordable housing” means residential housing that may be**
8 **purchased or rented, with or without government assistance, by per-**
9 **sons who meet the applicable income limits of local, state or federally**
10 **funded programs or developments.**

11 (2) **“Area median income” means the median income for the area**
12 **in which the subject housing is located, adjusted for family size, as**
13 **determined by the Housing and Community Services Department using**
14 **United States Department of Housing and Urban Development infor-**
15 **mation.**

16 (3) **“Development costs” has the meaning given that term in ORS**
17 **456.548.**

18 (4) **“Low income individuals or families” means individuals who**
19 **have incomes at or below 60 percent of the area median income for**
20 **individuals, or families that have incomes at or below 60 percent of the**
21 **area median income for families.**

22 **SECTION 2. (1) The Housing and Community Services Department**
23 **shall, with the advice and consent of the Oregon Housing Stability**
24 **Council, develop and implement the Local Innovation and Fast Track**
25 **Housing Program for the purpose of expanding the state’s supply of**
26 **affordable housing for low income individuals or families.**

27 (2) **Pursuant to subsection (1) of this section, the department may:**

28 (a) **Acquire, construct, remodel, repair, equip or furnish real prop-**
29 **erty that is or will be owned by the State of Oregon for the purpose**
30 **of providing affordable housing in this state for low income individuals**
31 **or families;**

1 (b) Pay development costs to develop real property that may be
2 considered part of the cost of a capital asset under generally accepted
3 accounting principles; and

4 (c) Create entities, cooperate or participate with persons or entities
5 and contract with persons and entities.

6 (3) Interests in real property owned by the State of Oregon or the
7 department under this section are limited to the following:

8 (a) A fee simple interest;

9 (b) A leased fee interest;

10 (c) A tenancy in common for which the state's or department's in-
11 terest in the property is proportionate to the contribution of the state
12 or department to the property's purchase price;

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

14 (e) An easement, right of way, license or similar interest func-
15 tionally related to and necessary for the use of real property acquired
16 by the state or department.

17 (4) In funding the acquisition, construction, remodeling, repairing,
18 equipping or furnishing of real property under the program:

19 (a) The department shall give preference to applicants with afford-
20 able housing projects that will:

21 (A) Provide the greatest number of affordable housing units for the
22 amount of funding provided; and

23 (B) Ensure the longest possible use of the real property as afford-
24 able housing units.

25 (b) The department, with the advice and consent of the council,
26 may adopt a formula that:

27 (A) Optimizes the function and duration of the affordable housing
28 project; and

29 (B) Takes into account the means to reduce the cost of the afford-
30 able housing project while considering factors such as the quality of
31 construction, durability, location and local design requirements.

1 (5)(a) Moneys made available through the program must be dis-
2 tributed statewide and concentrated in areas of this state with the
3 greatest need for affordable housing, as determined by the council. To
4 implement this requirement, the department and the council shall
5 consider the following factors on a county-by-county basis:

6 (A) The proportion of renters in the county who have a severe rent
7 burden;

8 (B) Underserved geographic areas, taking into account the propor-
9 tion of low income individuals or families compared to the availability
10 of affordable housing within the geographic area; and

11 (C) Market data, including but not limited to the cost of housing,
12 vacancy rates and available affordable housing supply.

13 (b) As used in this subsection, “severe rent burden” means rent that
14 is more than 50 percent of the income of low income individuals or
15 families.

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

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

20 (b) Reduce the cost of acquiring, constructing, remodeling, repair-
21 ing, equipping or furnishing real property for the purpose of providing
22 affordable housing; and

23 (c) Involve regional solutions advisory committees and teams, Early
24 Learning Hubs, coordinated care organizations and other persons or
25 organizations.

26 (7) The Director of the Housing and Community Services Depart-
27 ment shall report regularly to the council regarding the status and
28 progress of the program and of the department’s responsibilities for
29 implementing and administering the program.

30 (8) The department shall adopt rules to implement the provisions
31 of this section, including but not limited to prescribing requirements

1 **for acquiring, constructing, remodeling, repairing, equipping or fur-**
2 **nishing real property for the purpose of providing affordable housing**
3 **under the program.**

4 **SECTION 3. (1) The Local Innovation and Fast Track Housing Pro-**
5 **gram Fund is established in the State Treasury, separate and distinct**
6 **from the General Fund. Interest earned on moneys in the Local In-**
7 **novation and Fast Track Housing Program Fund shall be credited to**
8 **the fund.**

9 **(2) The fund consists of moneys deposited into the fund pursuant**
10 **to section 1 (6), chapter 685, Oregon Laws 2015.**

11 **(3) Moneys in the fund are continuously appropriated to the Hous-**
12 **ing and Community Services Department for:**

13 **(a) The purposes described in section 2 of this 2016 Act;**

14 **(b) Payment of the costs incurred by the department to administer**
15 **the fund; and**

16 **(c) Payment of bond-related costs, as defined in ORS 286A.816.**

17 **SECTION 4. ORS 270.100 is amended to read:**

18 **270.100. (1)(a) Before offering for sale any real property or equitable in-**
19 **terest in real property that the state owns, the state agency acting for the**
20 **state in the sales transaction shall report to the Oregon Department of Ad-**
21 **ministrative Services that the state agency intends to sell or transfer the**
22 **real property or the equitable interest. The department, or an agency the**
23 **department specifically designates, shall notify other state agencies author-**
24 **ized to own real property of the intended sale or transfer to determine**
25 **whether acquiring the real property or interest in the real property would**
26 **be advantageous to another state agency.**

27 **(b)(A) The department shall give the first opportunity after other state**
28 **agencies to acquire, purchase, exchange or lease real property or an interest**
29 **in real property that the State of Oregon disposes of or sells to:**

30 **(i) The following entities, on the condition that the entities will develop**
31 **housing on the real property that will be occupied by families and individ-**

1 uals with an income no greater than 80 percent of the median family income
2 for the county in which the real property is located:

- 3 (I) Nonprofit organizations; and
- 4 (II) Indian tribes, as defined in ORS 97.740; and
- 5 (ii) Political subdivisions, as defined in ORS 271.005.

6 (B) The state agency responsible for selling or transferring the property
7 or the equitable interest may require at the time of the sale or transfer that
8 a political subdivision must use state real property or an equitable interest
9 in real property sold or transferred to the political subdivision for a public
10 purpose or benefit, and that the political subdivision may not resell the real
11 property or the equitable interest to a private purchaser.

12 (c) If a state agency that intends to sell or transfer real property or an
13 equitable interest in real property has not disposed of the real property or
14 the equitable interest under paragraph (a) or (b) of this subsection, the state
15 agency shall cause the real property to be appraised by one or more compe-
16 tent and experienced appraisers in accordance with rules the department
17 adopts. Except as provided in ORS 273.825, if the property has an appraised
18 value exceeding \$5,000, the property or an equitable interest in the property
19 may not be sold to any private person except after notice calling for such
20 proposals as set forth in ORS 270.130.

21 (d) The department shall adopt rules to carry out the provisions of this
22 section.

23 (2) Before a state agency acquires any real property or interest in real
24 property, except for highway right of way that the Department of Transpor-
25 tation acquires, park properties that the State Parks and Recreation De-
26 partment acquires and property within the approved projected campus
27 boundaries for public universities listed in ORS 352.002, the state agency
28 shall report to the Oregon Department of Administrative Services that the
29 state agency intends to acquire the real property or the interest in real
30 property. The department shall notify other state agencies that own land that
31 the state agency intends to acquire real property or an interest in real

1 property to determine whether another state agency desires to sell or trans-
2 fer property that would meet the needs of the acquiring agency. In accord-
3 ance with rules the Oregon Department of Administrative Services adopts,
4 if no other state agency desires to sell or transfer property that would meet
5 the needs of the agency that intends to acquire real property or an interest
6 in real property, the agency may acquire the real property or interest in real
7 property, consistent with applicable provisions of law.

8 (3) Before any terminal disposition of real property or an interest in real
9 property, the state agency acting for the state in the transaction must secure
10 approval of the transaction from the Oregon Department of Administrative
11 Services.

12 (4) Subsection (3) of this section does not apply to terminal disposition
13 of the following real property:

- 14 (a) Property that the State Department of Fish and Wildlife controls;
- 15 (b) State forestlands that the State Forestry Department controls;
- 16 (c) Property that the Department of Transportation controls;
- 17 (d) Property that the Department of State Lands controls;
- 18 (e) Property that public universities listed in ORS 352.002 control;
- 19 (f) Property that the legislative branch of state government controls;
- 20 (g) Property that the judicial branch of state government controls; and
- 21 (h) Property that the State Parks and Recreation Department controls.

22 (5) Notwithstanding the provisions of subsection (4) of this section, prior
23 approval by the Oregon Department of Administrative Services is required
24 for the terminal disposition of public land for less than the fair market value
25 of the public land.

26 (6) The provisions of ORS 184.634, 270.005 to 270.015, 270.100 to 270.190,
27 273.416, 273.426 to 273.436, 273.551 and 308A.709 (1) to (4) do not apply to:

28 (a) A home or farm that the Department of Veterans' Affairs acquires or
29 sells under ORS 88.720, 406.050, 407.135, 407.145, 407.375 or 407.377.

30 (b) Real property that the Housing and Community Services Department
31 acquires or sells under the provisions of ORS 456.515 to 456.725 or ORS

1 chapter 458 **or sections 1 to 3 of this 2016 Act.**

2 (c) Real property that the Oregon Health Authority or the Department
3 of Human Services acquires or sells under ORS 410.075 or 416.340.

4 **SECTION 5. On or before February 1 of each of the years 2017, 2018**
5 **and 2019, the Housing and Community Services Department shall pre-**
6 **pare and submit a report to the interim committees of the Legislative**
7 **Assembly that have authority over the subject area of housing re-**
8 **garding the Local Innovation and Fast Track Housing Program and**
9 **the annual progress on implementation of the program. Each report**
10 **shall include but is not limited to information regarding:**

11 (1) **The amount of funds expended;**

12 (2) **The number of affordable housing units in progress and devel-**
13 **oped; and**

14 (3) **The location of the affordable housing units and geographic di-**
15 **versity.**

16 **SECTION 6.** ORS 456.559 is amended to read:

17 456.559. (1) The Housing and Community Services Department shall:

18 (a) Maintain current housing data and information concerning available
19 programs, status of funding, programs planned or undertaken which might
20 conflict with, overlap, duplicate or supersede other planned or existing pro-
21 grams and call these to the attention of appropriate state agencies, govern-
22 mental bodies and public or private housing sponsors.

23 (b) Provide to appropriate state agencies, governmental bodies and public
24 or private housing sponsors such advisory and educational services as will
25 assist them in the development of housing plans and projects.

26 (c) Subject to the approval of the Oregon Housing Stability Council, make
27 noninterest bearing advances, in accordance with ORS 456.710 and the poli-
28 cies of the department, to qualified nonprofit sponsors for development costs
29 of housing projects until mortgage funds are released to repay the advances
30 as provided in ORS 456.710.

31 (d) Advise and assist appropriate state agencies, governmental bodies and

1 public or private housing sponsors, cities and counties, in all programs and
2 activities which are designed or might tend to fulfill the purposes of ORS
3 456.548 to 456.725 and ORS chapter 458.

4 (e) Encourage and assist in the planning, development, construction, re-
5 habilitation and conservation of dwelling units for persons and families of
6 lower income.

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

16 (g) For the purposes of acquiring moneys, credits or other assistance from
17 any agency or instrumentality of the United States or from any public cor-
18 poration chartered by the United States, comply with any applicable agree-
19 ments or restrictions for the receipt of such assistance and become a member
20 of any such association or public corporation chartered by the United States.

21 (h) Assist individuals, appropriate state agencies, governmental bodies
22 and public or private housing sponsors through a program which provides
23 housing information, planning, educational services and technical assistance.

24 (i) Comply with the requirements of ORS 443.225 in assisting in the de-
25 velopment of any housing for residential care, training or treatment for
26 persons with mental retardation, developmental disabilities or mental or
27 emotional disturbances.

28 (2) Except as otherwise provided in ORS 456.625 (7) **and sections 1 to 3**
29 **of this 2016 Act**, the department may not itself develop, construct, rehabili-
30 tate or conserve housing units; and neither the department nor any housing
31 sponsor, including but not limited to any association, corporation, cooper-

1 ative housing authority or urban renewal agency organized to provide hous-
 2 ing and other facilities pursuant to ORS 456.548 to 456.725, may own, acquire,
 3 construct, purchase, lease, operate or maintain utility facilities, including
 4 facilities for the generation of electricity, for the distribution of gas and
 5 electricity, and for the conveyance of telephone and telegraph messages.

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

24 (4) The Director of the Housing and Community Services Department may
 25 participate in discussions and deliberations of the council. The director may
 26 suggest policies and rules to the council, including those necessary to stim-
 27 ulate and increase the supply of housing for persons and families of lower
 28 income.

29 **SECTION 7. In addition to and not in lieu of any other appropri-**
 30 **ation, there is appropriated to the Housing and Community Services**
 31 **Department, for the biennium beginning July 1, 2015, out of the Gen-**

1 eral Fund, the amount of \$_____, for payment of expenses related to
2 the development of affordable housing for low income individuals or
3 families funded with proceeds from bonds issued under authority of
4 Article XI-Q of the Oregon Constitution through the Local Innovation
5 and Fast Track Housing Program created under section 2 of this 2016
6 Act.

7 **SECTION 8.** Notwithstanding any other law limiting expenditures,
8 the amount of \$_____ is established for the biennium beginning July
9 1, 2015, as the maximum limit for payment of expenses related to the
10 development of affordable housing for low income individuals or fam-
11 ilies funded with proceeds from bonds issued under authority of Article
12 XI-Q of the Oregon Constitution through the Local Innovation and
13 Fast Track Housing Program created under section 2 of this 2016 Act
14 from fees, moneys or other revenues, including Miscellaneous Receipts
15 and reimbursements from federal service agreements, but excluding
16 lottery funds and federal funds not described in this section, collected
17 or received by the Housing and Community Services Department.

18 **SECTION 9.** This 2016 Act being necessary for the immediate pres-
19 ervation of the public peace, health and safety, an emergency is de-
20 clared to exist, and this 2016 Act takes effect on its passage.

21
