

House Bill 2376

Sponsored by Representative PARRISH; Representatives GILLIAM, HUFFMAN, KENY-GUYER (Presession filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Changes name of State Housing Council to Housing Commission. Increases membership of commission. Directs commission to set housing policy for state and to review budget, financial plan and comprehensive state plan of Housing and Community Services Department. Requires commission to submit biennial report to Governor regarding commission's exercise of its powers and performance of its duties.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to state housing policy; creating new provisions; amending ORS 90.222, 183.530, 183.534,
3 280.482, 307.181, 307.515, 307.540, 317.097, 426.508, 456.395, 456.515, 456.539, 456.541, 456.548,
4 456.555, 456.559, 456.561, 456.567, 456.571, 456.572, 456.620, 456.625, 456.665, 456.690, 458.310,
5 458.610, 458.625, 458.630, 458.650, 458.655, 458.735, 671.755 and 701.015; and declaring an emer-
6 gency.

7 Whereas housing is a key determinant of health and prosperity; and

8 Whereas the system transformations currently underway in state government will only reach
9 their full potential to improve the lives of Oregonians if housing is integrated with statewide policy
10 and if the state housing agency works directly with health care, including coordinated care organ-
11 izations, and education, employment, corrections and other state agencies; and

12 Whereas a newly reorganized and more effective state housing agency's mission should be to
13 address the housing needs of individuals and families whose housing needs are not met by the mar-
14 ket, including the entire continuum from housing stabilization and homeless services to rental
15 housing and services, homeownership counseling, finance and development; and

16 Whereas the state's delivery model for housing and community services should minimize over-
17 head costs and maximize the amount of moneys spent on direct services to low income Oregonians,
18 and should remove barriers to opportunities, build personal capacity and provide the necessary
19 continuum of services and skills for lasting success; and

20 Whereas local communities should be empowered to identify and address each community's
21 unique priorities, concerns, challenges and capacities; and

22 Whereas the housing and services delivery model should be focused on outcomes, should take
23 advantage of existing networks and should encourage maximum flexibility as a means to encourage
24 innovation and the early adoption of best practices; and

25 Whereas formation of a single, overarching governing body charged with developing housing
26 policy and establishing accountability for shared outcomes will best ensure accomplishment of these
27 goals; and

28 Whereas a new governing body should have the authority to set housing and community services
29 policy that is clearly linked to other state agencies and systems, fiduciary responsibility for an

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 entrepreneurial business model, including a clear role in developing and monitoring the financial
2 plan for the Housing and Community Services Department, and transparent processes that invite
3 input from a broad set of constituents and that provide accountability to the Governor, the Legis-
4 lative Assembly and the public; and

5 Whereas existing statutory laws should be amended to rename the State Housing Council as the
6 “Housing Commission” to give the commission a strong and effective role in setting state housing
7 policy and to ensure that the commission and the Housing and Community Services Department are
8 fulfilling existing provisions of the statutes related to housing policy development and planning; now,
9 therefore,

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

11
12 **HOUSING COMMISSION**

13
14 **SECTION 1.** ORS 456.395 is amended to read:

15 456.395. The Housing and Community Services Department and [*State Housing Council*] **the**
16 **Housing Commission** shall cooperate with and assist local housing authorities as defined in ORS
17 456.375 to obtain federal approval, renewal of an existing waiver of federal requirements or a new
18 waiver of federal requirements, as necessary to make the use and distribution of federal rent subsidy
19 and assistance payments under 42 U.S.C. 1437f as efficient and beneficial as possible to increase the
20 supply of decent, safe, sanitary and affordable housing for persons of low income and very low in-
21 come in this state.

22 **SECTION 2.** ORS 456.515 is amended to read:

23 456.515. As used in ORS 456.515 to 456.725 and ORS chapter 458 unless the context requires
24 otherwise:

25 (1) **“Commission” means the Housing Commission established under ORS 456.567.**

26 [(1)] (2) **“Community Action Partnership of Oregon” means an organization described in ORS**
27 **458.505.**

28 [(2)] (3) **“Construction” includes, but is not limited to, new construction or moderate or sub-**
29 **stantial rehabilitation of existing structures or facilities.**

30 [(3)] **“Council” means the State Housing Council established under ORS 456.567.]**

31 (4) **“Department” means the Housing and Community Services Department established under**
32 **ORS 456.555.**

33 (5) **“Director” means the Director of the Housing and Community Services Department.**

34 (6) **“Elderly household” means a household whose head is over the age of 55, residing in this**
35 **state.**

36 (7) **“Major life activity” includes but is not limited to self-care, ambulation, communication,**
37 **transportation, education, socialization, employment and ability to acquire, rent or maintain prop-**
38 **erty.**

39 (8)(a) **“Multifamily housing” means a structure or facility established primarily to provide**
40 **housing that provides more than one living unit, and may also provide facilities that are functionally**
41 **related and subordinate to the living units for use by the occupants in social, health, educational**
42 **or recreational activities:**

43 (A) **For the elderly, including but not limited to individual living units within such structures,**
44 **mobile home and manufactured dwelling parks and residential facilities licensed under ORS 443.400**
45 **to 443.455 and other congregate care facilities with or without domiciliary care.**

1 (B) For persons with disabilities, including, but not limited to, individual living units within such
2 structures, mobile home and manufactured dwelling parks and residential facilities licensed under
3 ORS 443.400 to 443.455 and other congregate care facilities with or without domiciliary care.

4 (b) "Multifamily housing" does not include nursing homes, hospitals, places primarily engaged
5 in recreational activities and single-family, detached dwellings, except manufactured dwellings situ-
6 ated in a mobile home and manufactured dwelling park.

7 (9) "Person with a disability" means a person who has a physical or mental impairment that
8 substantially limits one or more major life activities.

9 (10) "Target population" means:

10 (a) Elderly households; or

11 (b) Persons with disabilities.

12 **SECTION 3.** ORS 456.539 is amended to read:

13 456.539. (1) The Housing and Community Services Department shall be the agency for the State
14 of Oregon for the administration of the Elderly and Disabled Housing Fund. Except as otherwise
15 provided in ORS 456.515 to 456.725 the provisions of ORS 456.515 to 456.725 are applicable to the
16 administration of the Elderly and Disabled Housing Fund.

17 (2) The department is authorized to use the Elderly and Disabled Housing Fund to advance
18 funds, by contract, grant, loan or otherwise, as provided by Article XI-I(2) of the Oregon Constitu-
19 tion to finance multifamily housing for elderly households, persons with disabilities and their family
20 members and such other persons who reside therein as are necessary to maintain the housing or
21 provide services or companionship for elderly households and persons with disabilities.

22 (3) In carrying out the provisions specified in Article XI-I(2) of the Oregon Constitution, the
23 department shall, with the concurrence of the [*State Housing Council*] **Housing Commission**, adopt
24 criteria for approval of projects proposed by qualified housing sponsors to finance multifamily
25 housing for the target population and their family members and such other persons who reside
26 therein as are necessary to maintain the housing or provide services or companionship for elderly
27 households and persons with disabilities. The criteria shall:

28 (a) Assure that health, mental health and other supportive services as may be necessary to
29 maintain elderly and disabled households living in the housing are available to the occupants onsite
30 or in the community;

31 (b) Give priority to members of the target populations; and

32 (c) Allow occupancy by such family members or other persons as the department determines
33 necessary to maintain the housing and provide services or companionship for elderly households and
34 persons with disabilities.

35 (4) The department shall:

36 (a) Adopt criteria consistent with the maximum household income restrictions in ORS 456.620
37 (4) for approval of applications for financing the purchase by elderly households of ownership in-
38 terests within a multifamily structure or facility.

39 (b) Provide means for allocating funds to finance multifamily housing units for the target popu-
40 lation and to establish limitations on the interest and fees to be charged on loans made by the de-
41 partment.

42 (c) Adopt rules necessary for efficient administration of the Elderly and Disabled Housing Fund.

43 (d) Adopt rules to assure that each of the target populations has access to a reasonable portion
44 of the bond authority under ORS 456.515 to 456.725, and that a reasonable portion of the funds for
45 elderly households is made available to finance the purchase by elderly households of ownership

1 interests within multifamily housing structures or facilities.

2 (5) Loans made by the department under this section for the interim construction financing of
3 multifamily housing shall be subject to the provisions of ORS 456.717.

4 **SECTION 4.** ORS 456.541 is amended to read:

5 456.541. The Housing and Community Services Department shall and the [*State Housing*
6 *Council*] **Housing Commission** may consult generally with the Department of Human Services and
7 such other persons as the [*council*] **commission** or Housing and Community Services Department
8 may consider appropriate concerning project applications for housing for disabled households. The
9 Housing and Community Services Department shall seek comment on such project applications
10 concerning:

11 (1) The need for and design of the project generally, considering the proposed location of the
12 housing;

13 (2) The means proposed for screening eligibility for occupancy to assure that priority will be
14 given to members of the target populations of persons with disabilities; and

15 (3) The adequacy of the provisions for assuring the availability of health, mental health and
16 other supportive services necessary to maintain disabled households in the housing.

17 **SECTION 5.** ORS 456.548 is amended to read:

18 456.548. As used in ORS 456.548 to 456.725, unless the context requires otherwise:

19 (1) "Bonds" means any bonds, as defined in ORS 286A.001, or any other evidence of indebt-
20 edness, issued under ORS 456.515 to 456.725 or issued in anticipation of bonds and payable from the
21 proceeds of bonds issued.

22 (2) "Capital reserve account" or "capital reserve accounts" means one or more of the special
23 trust accounts that may be established by the Housing and Community Services Department within
24 the Housing Finance Fund.

25 (3) "Consumer housing cooperative" means a cooperative corporation formed under ORS chapter
26 62 and whose articles of incorporation provide, in addition to the other requirements of ORS chapter
27 62, that:

28 (a) The consumer housing cooperative has been organized exclusively to provide housing facili-
29 ties for persons and families of lower income and such social, recreational, commercial and com-
30 munal facilities as may be incidental to such housing facilities.

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

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

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

45 (4) "Development costs" means the costs that have been approved by the department as appro-

1 puate expenditures and includes, but is not limited to:

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

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

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

10 (5) "Federally insured security" means an evidence of indebtedness insured or guaranteed as to
 11 repayment of principal and interest by the United States or an agency or instrumentality thereof.

12 (6) "Housing development" means a development that contains housing units for persons or
 13 families of lower income and such other incidental elements of residential, commercial, recreational,
 14 industrial, communal or educational facilities as the department determines improve the quality of
 15 the development as it relates to housing for persons or families of lower income and the financial
 16 feasibility of the development.

17 (7) "Housing finance bond declaration" means a written instrument signed by the Director of the
 18 Housing and Community Services Department and on file with and bearing the certificate of ap-
 19 proval of the State Treasurer or the designee of the State Treasurer, and all housing finance bond
 20 declarations supplemental to that instrument.

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

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

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

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

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

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

40 (a) The corporation has been organized exclusively to provide housing facilities for persons and
 41 families of lower income and such other social, recreational, commercial and communal facilities as
 42 may be incidental to such housing facilities.

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

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

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

8 (14) "Person of lower income" or "family of lower income" means:

9 (a) A person or family residing in this state whose income is not more than 80 percent of area
 10 median income, adjusted for family size, as determined by the [*State Housing Council*] **Housing**
 11 **Commission** based upon information from the United States Department of Housing and Urban
 12 Development;

13 (b) A person or family residing in this state whose income, adjusted for family size, is below the
 14 level the Housing and Community Services Department has determined to be necessary in order to
 15 obtain in the open market decent, safe and sanitary housing, including the cost of utilities and taxes,
 16 for not more than 25 percent of the gross income of the person or family; or

17 (c) Any person or family the department determines is appropriate to treat as a person of lower
 18 income or a family of lower income incidental to the accomplishment of department programs for
 19 persons and families of lower income described in paragraphs (a) and (b) of this subsection.

20 (15) "Project cost" or "costs of the project" means the sum of all reasonable expenses incurred
 21 by a qualified housing sponsor in undertaking and completing a housing project approved by the
 22 department. "Project costs" or "costs of the project" include but are not limited to the expenses
 23 incurred by a qualified housing sponsor for:

24 (a) Studies and surveys;

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

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

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

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

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

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

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

35 (i) Reasonable builder's or sponsor's profit and risk allowance; and

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

37 (16) "Qualified housing sponsor" includes, subject to the approval of the department:

38 (a) A consumer housing cooperative;

39 (b) A limited dividend housing sponsor;

40 (c) A nonprofit housing corporation;

41 (d) A for-profit housing sponsor including, but not limited to, an individual operating in compli-
 42 ance with the criteria adopted by the department under ORS 456.620 (1);

43 (e) A housing authority created by ORS 456.075;

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

45 (g) Any city or county governing body or agency or department designated by the governing

1 body.

2 (17) "Residential housing" means a specific work or improvement within this state undertaken
 3 primarily to provide dwelling accommodations, including land development and acquisition, con-
 4 struction or rehabilitation of buildings and improvements thereto, for residential housing, and such
 5 other nonhousing facilities as may be incidental or appurtenant thereto and as the department de-
 6 termines improve the quality of the development as it relates to housing for persons or families of
 7 lower income and the financial feasibility of the development. "Residential housing" includes, but
 8 is not limited to, a specific work or improvement within this state undertaken to provide mobile
 9 home or manufactured dwelling parks as defined in ORS 446.003. As used in this subsection, "land
 10 development" includes, but is not limited to, the improvement of streets and alleys and the con-
 11 struction of surface drains, sewers, curbing and sidewalks.

12 (18) "Residential loan" means any of the following:

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

16 (A) Improved by a newly constructed, existing or rehabilitated residential structure for persons
 17 or families of lower income; or

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

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

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

26 (19) "Revolving account" means the Housing and Community Services Department Revolving
 27 Account created in ORS 456.574.

28 **SECTION 6.** ORS 456.555 is amended to read:

29 456.555. (1) The Housing and Community Services Department is established.

30 (2) The department shall be under the supervision and control of a director who is responsible
 31 for the performance of the duties imposed upon the department. The Governor shall appoint the
 32 Director of the Housing and Community Services Department. The director shall hold office at the
 33 pleasure of the Governor. The person appointed as director shall be a person who, by training and
 34 experience, is well qualified to perform the duties of the office.

35 (3) The director shall receive such salary as may be provided by law, or, if not so provided, as
 36 may be fixed by the Governor. In addition to the salary of the director, the director shall, subject
 37 to the limitations otherwise provided by law, be reimbursed for all expenses actually and necessarily
 38 incurred by the director in the performance of official duties.

39 (4) The director may establish department divisions including but not limited to divisions for
 40 administration, housing programs and community services programs.

41 (5) The [*State Housing Council*] **Housing Commission** shall:

42 (a) **Set housing policy for the state;**

43 (b) **Review the budget and financial plan of the department;**

44 [(a)] (c) With the advice of the director, [*set policy and*] approve or disapprove rules and stan-
 45 dards for housing programs;

1 [(b)] (d) Approve or disapprove loans, grants and other funding award proposals under ORS
2 456.561; and

3 [(c)] (e) Carry out the provisions of ORS 456.571.

4 (6) The Community Action Partnership of Oregon shall advise the department and the [council]
5 **commission** on community services programs as determined by the director and as set forth in ORS
6 458.505.

7 (7) The director shall report regularly to the [council] **commission** to keep the [council] **com-**
8 **mission** informed on progress made by the department in carrying out the department's responsi-
9 bilities for housing programs **and shall hold monthly meetings of the director and the**
10 **commission, and biweekly meetings of the director and the chairperson of the commission.**

11 (8) The department may adopt rules to carry out the programs that the department is charged
12 with administering, including, but not limited to, rules regarding:

13 (a) Administration and enforcement.

14 (b) Criteria for the granting of benefits.

15 (c) The establishment of fees and charges.

16 (d) The identification of housing programs and community services programs.

17 (e) The distinguishing of housing programs from community services programs.

18 (9) Subject to the approval of the [council] **commission**, the department shall establish by rule
19 one or more threshold property purchase prices above which a housing loan proposed by the de-
20 partment requires [council] **commission** review and approval under ORS 456.561. In establishing or
21 modifying a threshold property purchase price under this subsection, the department shall consider
22 any maximum acquisition cost set forth in the Internal Revenue Code or federal rules and regu-
23 lations implementing the code.

24 (10) Subject to the approval of the [council] **commission**, the department shall establish by rule
25 one or more threshold amounts above which a housing grant or other housing funding award propo-
26 sal requires [council] **commission** review and approval under ORS 456.561.

27 **SECTION 7.** ORS 456.559 is amended to read:

28 456.559. (1) The Housing and Community Services Department shall:

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

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

36 (c) Subject to the approval of the [State Housing Council] **Housing Commission**, make nonin-
37 terest bearing advances, in accordance with ORS 456.710 and the policies of the department, to
38 qualified nonprofit sponsors for development costs of housing projects until mortgage funds are re-
39 leased to repay the advances as provided in ORS 456.710.

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

43 (e) Encourage and assist in the planning, development, construction, rehabilitation and conser-
44 vation of dwelling units for persons and families of lower income.

45 (f) Be the central state department to apply for, receive and distribute, on behalf of appropriate

1 state agencies, governmental bodies and public or private housing sponsors in the state, grants, gifts,
2 contributions, loans, credits or assistance from the federal government or any other source for
3 housing programs except when the donor, grantor, or lender of such funds specifically directs some
4 other agency to administer them. Moneys received under this section shall be deposited with the
5 State Treasurer in an account separate and distinct from the General Fund. Interest earned by the
6 account shall be credited to the account.

7 (g) For the purposes of acquiring moneys, credits or other assistance from any agency or
8 instrumentality of the United States or from any public corporation chartered by the United States,
9 comply with any applicable agreements or restrictions for the receipt of such assistance and become
10 a member of any such association or public corporation chartered by the United States.

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

14 (i) Comply with the requirements of ORS 443.225 in assisting in the development of any housing
15 for residential care, training or treatment for persons with mental retardation, developmental disa-
16 bilities or mental or emotional disturbances.

17 (2) Except as otherwise provided in ORS 456.625 (7), the department may not itself develop,
18 construct, rehabilitate or conserve housing units; and neither the department nor any housing
19 sponsor, including but not limited to any association, corporation, cooperative housing authority or
20 urban renewal agency organized to provide housing and other facilities pursuant to ORS 456.548 to
21 456.725, may own, acquire, construct, purchase, lease, operate or maintain utility facilities, including
22 facilities for the generation of electricity, for the distribution of gas and electricity, and for the
23 conveyance of telephone and telegraph messages.

24 (3) In accordance with the provisions of this section and with the advice of the [council] **com-**
25 **mission**, the department shall establish statewide priorities for housing programs. State agencies
26 shall coordinate their housing programs with the department. All state agencies intending to apply
27 for federal funds for use in planning, developing or managing housing, or rendering assistance to
28 governmental bodies or sponsors or individuals involved therein shall submit a description of the
29 proposed activity to the department for review not less than 30 days prior to the intended date of
30 submission of the application to the federal agency. The department shall determine whether the
31 proposal would result in a program that would overlap, duplicate or conflict with any other housing
32 program in the state. If the department finds overlapping or duplication or conflict, it shall recom-
33 mend modifications in the application. The Oregon Department of Administrative Services shall
34 consider these recommendations in making its decision to approve or disapprove the application.
35 The department shall complete its review and forward its recommendations within 15 working days
36 after receipt of the notification. Failure of the department to complete the review within that time
37 shall constitute approval of the application by the department.

38 (4) The Director **of the Housing and Community Services Department** may participate in
39 discussions and deliberations of the [council] **commission**. The director may suggest policies and
40 rules to the [council] **commission**, including those necessary to stimulate and increase the supply
41 of housing for persons and families of lower income.

42 **SECTION 8.** ORS 456.561 is amended to read:

43 456.561. (1) The Housing and Community Services Department may effect loans, grants and other
44 funding awards to accomplish department housing programs, subject to any requirement under this
45 section for review and approval by the [State Housing Council] **Housing Commission** of proposals

1 for loans, grants or other funding awards.

2 (2) The department shall submit a loan, grant or other funding award proposal arising under
3 ORS 456.515 to 456.725 programs to the [council] **commission** for review if the proposal is for:

4 (a) A housing loan on property that has a purchase price in excess of an applicable threshold
5 property purchase price established by rule under ORS 456.555 (9); or

6 (b) A housing grant or other housing funding award in excess of an applicable threshold amount
7 established by rule under ORS 456.555 (10).

8 (3) The [council] **commission** shall review each loan, grant or other funding award proposal
9 submitted by the department under this section and approve or disapprove the loan, grant or other
10 funding award proposal.

11 (4) [Council] **Commission** review of loan, grant or other funding award proposals under this
12 section shall be held at a public hearing of the [council] **commission**. The [council] **commission**
13 meeting notice required by ORS 192.640 shall include notice of the loan, grant or other funding
14 award proposal review, the names of the applicants and the subject of the loan, grant or funding
15 award proposal. The [council] **commission** shall provide notice of a loan, grant or other funding
16 award proposal review to the loan, grant or other funding award applicant not less than five days
17 before the review hearing.

18 **SECTION 9.** ORS 456.567 is amended to read:

19 456.567. (1) The [State Housing Council] **Housing Commission** is established[. *The council shall*
20 *consist of seven members*], **consisting of no fewer than seven and no more than 13 members as**
21 **follows:**

22 (a) **One nonvoting member appointed by the President of the Senate from among the**
23 **members of the Senate;**

24 (b) **One nonvoting member appointed by the Speaker of the House of Representatives**
25 **from among the members of the House of Representatives; and**

26 (c) **No fewer than five and no more than 11 voting members** appointed by the Governor
27 subject to confirmation by the Senate under ORS 171.562 and 171.565.

28 (2) **In appointing members, the Governor shall give consideration to the degree to which**
29 **the member will:**

30 (a) **Have expertise in multifamily and single-family housing finance and community de-**
31 **velopment and services;**

32 (b) **Contribute to balancing the geographic representation among members of the com-**
33 **mission; and**

34 (c) **Provide representation in one or more of the subject matter areas of health care,**
35 **human services, corrections and education.**

36 [(2)] (3) The term of office of each member **appointed by the Governor** is four years, but a
37 member serves at the pleasure of the Governor. Before the expiration of the term of a member, the
38 Governor shall appoint a successor whose term begins on July 1 next following. A member is eligible
39 for reappointment. If there is a vacancy for any cause, the Governor shall make an appointment to
40 be immediately effective for the unexpired term.

41 (4) **Each legislative member serves at the pleasure of the appointing authority and may**
42 **serve so long as the member remains in the chamber of the Legislative Assembly from which**
43 **the member was appointed.**

44 [(3)] (5) The Governor shall appoint the chairperson of the [council] **commission**.

45 [(4)] (6) The members of the [council] **commission who are appointed by the Governor** are

1 entitled to compensation and expenses as provided in ORS 292.495. **Legislative members of the**
 2 **commission are prohibited from receiving compensation and reimbursement for expenses.**

3 [(5)] (7) The Director of the Housing and Community Services Department shall provide clerical
 4 and other necessary support services to the [council] **commission.**

5 [(6)] (8) The [council] **commission** shall [advise] **review and make a recommendation to the**
 6 **Governor regarding the biennial budget proposal** of the Housing and Community Services De-
 7 partment [regarding the department's biennial budget proposal] prior to its submittal to the Oregon
 8 Department of Administrative Services. [The council's budget advice shall be limited to personnel,
 9 materials and services, and capital outlay items necessary to implement housing programs.]

10 **SECTION 10.** ORS 456.571 is amended to read:

11 456.571. (1) The [State Housing Council] **Housing Commission** shall, with the advice of the Di-
 12 rector of the Housing and Community Services Department, develop policies to aid in stimulating
 13 and increasing the supply of housing for persons and families of lower income. **In developing poli-**
 14 **cies under this subsection, the commission shall:**

15 (a) **Balance local needs with state policy priorities;**

16 (b) **Address geographic and racial disparities;**

17 (c) **Work in partnership with regional and local providers and provider networks to offer**
 18 **housing and housing-related services;**

19 (d) **Coordinate and align the policies with other state initiatives, including health care,**
 20 **education, employment and corrections, using shared data systems and outcome metrics; and**

21 (e) **Permit, to the extent possible, flexibility in the manner in which communities utilize**
 22 **funding allocations.**

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

26 (3) The [council] **commission** is responsible for studying and commenting upon, and advising[,]
 27 the **Housing and Community Services** Department, Governor, Legislative Assembly, other state
 28 agencies and local governments concerning, local, state and federal legislation or rules that affect
 29 the cost and supply of housing, both before and after the legislation and rules are enacted. For
 30 purposes of this subsection, "legislation or rules that affect the cost and supply of housing" includes
 31 but is not limited to legislation or rules that would:

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

33 (b) Subsidize new or existing housing costs for lower income households by income support, tax
 34 credit, or support service methods;

35 (c) Regulate the division of land;

36 (d) Regulate the use of land;

37 (e) Regulate building construction standards;

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

40 (g) Encourage alternatives that increase housing choices;

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

43 (i) Create or avoid conflicting state and federal regulations that deprive lower income house-
 44 holds of assistance; and

45 (j) Help or hinder compliance with the housing goals established by the Land Conservation and

1 Development Commission under ORS 197.240.

2 (4) The [council] **commission**, with the approval of the Governor, may initiate legal proceedings
 3 in the name of the [council] **commission** to further the [council's] **commission's** purposes under this
 4 section.

5 (5) The [council] **commission** shall exercise the responsibilities and powers of the [council]
 6 **commission** in a manner that expedites the acquisition, construction, improvement or rehabilitation
 7 of housing.

8 **(6) The commission shall review and approve the comprehensive state plan developed by**
 9 **the department under ORS 456.572.**

10 **(7) Not later than April 1 of each even-numbered year, the commission shall provide a**
 11 **report to the Governor, with copies to regular committees of the Legislative Assembly with**
 12 **subject matter jurisdiction over housing, demonstrating that the commission is exercising**
 13 **the powers and performing the duties described in this section.**

14 **SECTION 11.** ORS 456.572 is amended to read:

15 456.572. (1) The Housing and Community Services Department shall develop a comprehensive
 16 state plan for responding to the needs of very low income, low income and moderate income
 17 Oregonians for housing and services, with the goal of providing affordable housing. The Housing and
 18 Community Services Department shall insure that the development, annual updating and implemen-
 19 tation of this plan involve substantial interagency coordination among appropriate federal, state and
 20 local entities.

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

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

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

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

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

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

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

37 (3) Before issuing the state housing plan, and before each annual update of that plan, the
 38 Housing and Community Services Department shall:

39 (a) Hold at least one public hearing to receive comments from public and private interests;

40 (b) **Provide the Housing Commission with an opportunity to review the plan; and**

41 (c) **Obtain the commission's approval of the plan.**

42 **SECTION 12.** ORS 456.620 is amended to read:

43 456.620. In carrying out housing programs, the Housing and Community Services Department
 44 shall:

45 (1) With the approval of the [State Housing Council] **Housing Commission**, adopt standards for

1 the planning, development and management of housing projects for which qualified housing sponsors
 2 receive all or a portion of any required financing under ORS 456.548 to 456.725, for audits and in-
 3 spections to determine compliance with such standards and adopt criteria for the approval of qual-
 4 ified housing sponsors under ORS 456.548 to 456.725.

5 (2) Adopt criteria for the approval of qualified housing sponsors in ORS 456.548 to 456.725.

6 (3) Enter into agreements with qualified housing sponsors to regulate the planning, development
 7 and management of housing projects constructed with the assistance of the department under ORS
 8 456.548 to 456.725.

9 (4) With the approval of the [*council*] **commission**, establish maximum household income limits
 10 for all or a portion of the units in housing projects, housing developments or other residential
 11 housing financed in whole or in part by the department. A maximum of one-third of the units in a
 12 housing project, housing development or other residential housing financed by the department may
 13 be rented to households with an income level exceeding 120 percent of the median family income
 14 level, as determined by the department. If the income level in any unit exceeds 120 percent of the
 15 median family income, the department shall, to the extent practicable, require that the project, de-
 16 velopment or other housing financed by the department have a percentage of low income units that
 17 is higher than the minimum percentages established in ORS 456.120 (19) for projects financed by
 18 local housing authorities or income limitations that are lower than the limits described in ORS
 19 456.120 (19) or a combination thereof. Income limits for department programs administered on a
 20 statewide basis may be established by reference to the median family or personal income in the
 21 state, or in various regions in the state, as determined by the department. This subsection does not
 22 restrict the acquisition of manufactured dwelling parks.

23 (5) With the approval of the [*council*] **commission**, ensure that financing is provided in the
 24 department's programs for manufactured housing and for the purchase of lots described in ORS
 25 92.840 by manufactured dwelling park tenants.

26 **SECTION 13.** ORS 456.625 is amended to read:

27 456.625. The Housing and Community Services Department may:

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

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

33 (3) With the approval of the [*State Housing Council*] **Housing Commission**, assess fees, charges
 34 or interest in connection with housing programs.

35 (4) Encourage community organizations to assist in initiating housing projects for persons and
 36 families of lower income.

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

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

45 (7) Make or participate in the making of residential loans to qualified individuals or housing

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

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

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

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

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

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

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

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

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

43 (16) Subject to the provisions of any agreement then existing with bondholders, make available
 44 funds by contract, grant, loan or otherwise, including loan guarantees, insurance or other financial
 45 leveraging techniques, from moneys made available by the department to carry out the purposes of

1 ORS 456.515 to 456.725, if such moneys are not needed for the operations of the department or oth-
 2 erwise determined by the Director **of the Housing and Community Services Department** to be
 3 a necessary or prudent reserve.

4 **SECTION 14.** ORS 456.665 is amended to read:

5 456.665. (1) Neither the State Treasurer, the Director of the Housing and Community Services
 6 Department, the [*State Housing Council*] **Housing Commission** nor any officer or employee of the
 7 Housing and Community Services Department shall be liable personally on any bonds issued under
 8 ORS 456.515 to 456.725 by reason of the issuance thereof.

9 (2) All obligations issued by the State Treasurer under ORS 456.548 to 456.725 shall not consti-
 10 tute a debt, liability or general obligation of this state or any political subdivision thereof or a
 11 pledge of the faith and credit of this state or any such political subdivision, but shall be payable
 12 solely from the revenues or assets of the department acquired pursuant to ORS 456.548 to 456.725.
 13 Each obligation issued under ORS 456.548 to 456.725 shall contain on the face thereof a statement
 14 that the department shall not be obligated to pay the same nor the interest thereon except from the
 15 revenues or assets pledged therefor and that neither the faith and credit nor the taxing power of
 16 this state or any political subdivision thereof is pledged to the payment of the principal of or the
 17 interest on such obligation.

18 (3) All bonds issued by the State Treasurer under ORS 456.548 to 456.725 shall be fully negoti-
 19 able.

20 (4) The interest upon all bonds, including refunding bonds, issued by the State Treasurer under
 21 ORS 456.548 to 456.725 shall be exempt from personal income taxation in the State of Oregon.

22 **SECTION 15.** ORS 456.690 is amended to read:

23 456.690. (1) Upon a finding made by the [*State Housing Council*] **Housing Commission** that the
 24 supply of funds available through lending institutions for the financing of residential loans for the
 25 acquisition, construction, improvement or rehabilitation of housing units, manufactured dwellings,
 26 manufactured dwelling parks, manufactured dwelling park nonprofit cooperatives or housing projects
 27 for persons and families whose income does not exceed maximum household income limits estab-
 28 lished by the Housing and Community Services Department under ORS 456.620 (4) is inadequate, the
 29 department may make loans to lending institutions in this state for the purpose of providing funds
 30 to such institutions for the financing of residential housing units, manufactured dwellings, manu-
 31 factured dwelling parks, manufactured dwelling park nonprofit cooperatives or housing projects, for
 32 persons and families whose income does not exceed maximum household income limits established
 33 by the department under ORS 456.620 (4).

34 (2)(a) The department, subject to existing agreements with bondholders, may make privately or
 35 federally insured or guaranteed loans for the rehabilitation or improvement of existing single-family
 36 homes for persons and families of lower income, manufactured dwellings for persons and families of
 37 lower income or manufactured dwelling parks and manufactured dwelling park nonprofit cooper-
 38 atives that the department determines have a significant percentage of residents who are persons
 39 of lower income, if the department finds that:

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

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

44 (b) The department may cooperate with qualified housing sponsors in the development and im-
 45 plementation of such loan programs. Loans made by the department under this subsection shall be

1 made for single-family homes.

2 (3) Prior to the making of any loan under this section, the department, with the approval of the
3 [council] **commission**, shall adopt rules governing the making of such loans, including but not lim-
4 ited to:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

33 (5) All loans made and all rules adopted under this section shall be designed by the department,
34 with the approval of the [council] **commission**, to expand the supply of funds available in this state
35 for the financing of residential housing units, manufactured dwellings, manufactured dwelling parks,
36 manufactured dwelling park nonprofit cooperatives and housing projects, for persons and families
37 whose income does not exceed maximum household income limits established by the department
38 under ORS 456.620 (4), to provide an adequate supply of safe and sanitary units of such housing, and
39 to promote the effective participation of conventional lending institutions in the financing of such
40 housing and restrict the financial return and benefit to such lenders to that which is necessary and
41 reasonable to induce their participation under this section.

42 (6) In making loans under this section, the department, with the approval of the [council] **com-**
43 **mission**, may prescribe such terms, conditions, maturity dates and interest rate provisions as it
44 considers necessary.

45 **SECTION 16.** ORS 458.310 is amended to read:

1 458.310. (1) The [*State Housing Council*] **Housing Commission** shall adopt rules to develop and
 2 administer a housing revitalization program for low and moderate income housing.

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

4 (a) A unit of local government;

5 (b) A housing authority;

6 (c) A nonprofit corporation; or

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

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

11 (a) Purchase of property;

12 (b) Rehabilitation of housing units;

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

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

15 (e) Other activities that have the effect of making properties available to and occupied by per-
 16 sons of lower income, such as loan guarantees.

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

19 (5) The housing rehabilitation program shall create affordable housing in which rent levels are
 20 no higher than 30 percent of 80 percent of median income levels.

21 (6) Priority shall be given to projects applied for under subsections (1) to (5) of this section that
 22 provide opportunities for low and moderate income persons to own their housing units.

23 (7) Priority among rental housing projects shall be given to projects applied for under sub-
 24 sections (1) to (5) of this section that:

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

26 (b) Are owned and operated by a nonprofit or a governmental unit; and

27 (c) Demonstrate a coordinated local effort to integrate housing, job placement and social ser-
 28 vices.

29 (8) In implementing this section and ORS 458.305, the [*State Housing Council*] **commission** shall
 30 work to ensure a reasonable geographic distribution of funds among different regions of the state
 31 and shall place special emphasis on ensuring that funds are available to projects in rural areas.

32 **SECTION 17.** ORS 458.610 is amended to read:

33 458.610. For purposes of ORS 458.600 to 458.665:

34 (1) [*Council*] "**Commission**" means the [*State Housing Council*] **Housing Commission** estab-
 35 lished in ORS 456.567.

36 (2) "Department" means the Housing and Community Services Department established in ORS
 37 456.555.

38 (3) "Low income" means individuals or households that receive more than 50 percent and not
 39 more than 80 percent of the median family income for the area, subject to adjustment for areas with
 40 unusually high or low incomes or housing costs, all as determined by the [*council*] **commission**
 41 based on information from the United States Department of Housing and Urban Development.

42 (4) "Minority" means an individual:

43 (a) Who has origins in one of the black racial groups of Africa but who is not Hispanic;

44 (b) Who is of Hispanic culture or origin;

45 (c) Who has origins in any of the original peoples of the Far East, Southeast Asia, the Indian

1 subcontinent or the Pacific Islands; or

2 (d) Who is an American Indian or Alaskan Native having origins in one of the original peoples
3 of North America.

4 (5) "Organization" means a:

5 (a) Nonprofit corporation established under ORS chapter 65;

6 (b) Housing authority established under ORS 456.055 to 456.235; or

7 (c) Local government as defined in ORS 197.015.

8 (6) "Persons with disabilities" means persons with handicaps described in 42 U.S.C. 3602(h).

9 (7) "Very low income" means individuals or households that receive 50 percent or less of the
10 median family income for the area, subject to adjustment for areas with unusually high or low in-
11 comes or housing costs, all as determined by the [council] **commission** based on information from
12 the United States Department of Housing and Urban Development.

13 (8) "Veteran" has the meaning given that term in ORS 408.225.

14 **SECTION 18.** ORS 458.625 is amended to read:

15 458.625. (1) The Housing and Community Services Department may use the following to expand
16 this state's supply of housing for low and very low income families and individuals, including, but
17 not limited to, housing for persons over 65 years of age, persons with disabilities, farmworkers and
18 Native Americans:

19 (a) The amount of moneys credited to the Housing Development and Guarantee Account that the
20 department determines may be used for the purposes identified in this subsection and that is not
21 used for the purposes set forth in ORS 458.630; and

22 (b) The revenue earned from investment of the principal in the Housing Development and
23 Guarantee Account.

24 (2) The department may use account moneys and account investment revenue for the following
25 purposes:

26 (a) In the form of grants or loans as determined by the department:

27 (A) To assist organizations as defined in ORS 458.610 and for-profit business entities in con-
28 structing new housing or in acquiring or rehabilitating existing structures, or both, for housing for
29 persons with low or very low incomes, or both.

30 (B) To provide nonprofit organizations, as set forth in ORS 458.210 to 458.240, with technical
31 assistance or predevelopment costs, or both. Predevelopment costs include, but are not limited to,
32 site acquisition, architectural services and project consultants. Predevelopment costs do not include
33 costs described in subparagraph (C) of this paragraph.

34 (C) To pay for costs to develop nonprofit organizations that show sufficient evidence of having
35 strong community support and a strong likelihood of producing housing for persons with low or very
36 low incomes. Account moneys and account investment revenue may not be used by an organization
37 for its general operations.

38 (D) To match public and private moneys available from other sources for production of housing
39 for persons with low or very low incomes.

40 (b) To pay costs and expenses incurred in the administration of the account as provided for in
41 the legislatively approved budget, as that term is defined in ORS 291.002, for the department.

42 (3) The department shall give preference in making grants or loans to those entities that the
43 department determines will:

44 (a) Provide the greatest number of housing units for persons with low or very low incomes that
45 are constructed, acquired or rehabilitated for the amount of account moneys and account investment

1 revenue expended by matching account moneys and account investment revenue with other grant,
2 loan or eligible in-kind contributions;

3 (b) Ensure the longest use for the units as housing for persons with low or very low incomes;
4 or

5 (c) Include social services to occupants of the proposed housing, including but not limited to,
6 programs that address home health care, mental health care, alcohol and drug treatment and post-
7 treatment care, child care and case management.

8 (4)(a) Account investment revenue derived in any calendar year may be used to construct, ac-
9 quire or rehabilitate housing for persons with low or very low incomes but not more than 25 percent
10 of the account investment revenue may be used to construct, acquire or rehabilitate housing for
11 persons with low incomes.

12 (b) Account moneys and account investment revenue not used by the department as grants or
13 loans to construct, acquire or rehabilitate housing for persons with low or very low incomes may
14 be retained and credited as account principal.

15 (5) The [State Housing Council] **Housing Commission** shall have a policy that provides for dis-
16 tribution by the department of account moneys and account investment revenue statewide while
17 concentrating account moneys and account investment revenue in those areas of this state with the
18 greatest need for housing for persons with low or very low incomes, as determined by the [council]
19 **commission**.

20 (6) The department may set interest rates on loans made with account moneys and account in-
21 vestment revenue.

22 **SECTION 19.** ORS 458.630 is amended to read:

23 458.630. (1)(a) The Housing and Community Services Department may hold and use the principal
24 that is credited to the Housing Development and Guarantee Account as the Guarantee Fund. The
25 department may use the fund to guarantee repayment of loans made to finance the construction,
26 development, acquisition or rehabilitation of low income housing, of the commercial component of
27 a structure that contains both commercial property and low income housing, or of both. The de-
28 partment, by rule, shall specify the grounds on which it may deny loan guarantees for a structure
29 that contains both commercial and low income housing components. The grounds for denial speci-
30 fied by the department must include, but need not be limited to, a commercial component that is
31 excessive in scope or that is designed for commercial activity of a type incompatible with residential
32 housing. The [State Housing Council] **Housing Commission** shall review loans that are guaranteed
33 by the fund to ensure that the loans meet prudent underwriting standards.

34 (b) A guarantee may not be prepared or construed in such a manner as to violate the provisions
35 of **Article XI**, section 7, [Article XI] of the Oregon Constitution.

36 (2) The department may not issue any loan guarantee under this section that guarantees the
37 repayment of more than 50 percent of the original principal balance of any loan.

38 (3) The department may not issue a loan guarantee if the guarantee would cause the aggregate
39 dollar total of all loan guarantees issued by the department under this section to exceed two times
40 the total amount then in the Guarantee Fund established under subsection (1) of this section.
41 Notwithstanding ORS 458.625, whenever payouts on loan guarantees cause the fund principal to
42 decrease by five percent or more, the interest on the fund shall be deposited only to the principal
43 account until the amount of the fund principal lost due to payouts on loan guarantees is restored.

44 (4) Subject to [council] **commission** review under subsection (1) of this section, the department
45 shall give preference for loan guarantees under this section to loans for the construction, develop-

1 ment, acquisition or rehabilitation of low income housing, or of structures containing both commer-
2 cial and low income housing components, that the department determines will:

3 (a) Provide the greatest number of low income housing units constructed, acquired, developed
4 or rehabilitated for the amount of guarantee allowed;

5 (b) Ensure the longest possible use for the units as low income housing units. Pursuant to this
6 end, the [*State Housing Council*] **commission** may adopt a formula that optimizes the interests of
7 the lender and the developer and the working life of the low income units; or

8 (c) Include a program of services for the occupants of the proposed housing including, but not
9 limited to, programs that address home health care, mental health services, alcohol and drug treat-
10 ment and post-treatment care, child care and case management.

11 (5) The [*council*] **commission** may adopt a policy that gives loan guarantee preference to loans
12 for low income housing, or structures containing both commercial and low income housing compo-
13 nents, for which the department has provided a grant, loan, tax credit or other investment.

14 **SECTION 20.** ORS 458.650 is amended to read:

15 458.650. (1) The Emergency Housing Account shall be administered by the Housing and Com-
16 munity Services Department to assist homeless persons and those persons who are at risk of be-
17 coming homeless. An amount equal to 25 percent of moneys deposited in the account pursuant to
18 ORS 294.187 is dedicated for expenditure for assistance to veterans who are homeless or at risk of
19 becoming homeless. For purposes of this section, "account" means the Emergency Housing Account.

20 (2) The [*State Housing Council*] **Housing Commission** shall develop policy for [*giving*] **awarding**
21 grants to organizations that shall use the funds to provide to low and very low income persons, in-
22 cluding but not limited to, persons more than 65 years of age, persons with disabilities, farmworkers
23 and Native Americans:

24 (a) Emergency shelters and attendant services;

25 (b) Transitional housing services designed to assist persons to make the transition from
26 homelessness to permanent housing and economic independence;

27 (c) Supportive housing services to enable persons to continue living in their own homes or to
28 provide in-home services for such persons for whom suitable programs do not exist in their ge-
29 ographic area;

30 (d) Programs that provide emergency payment of home payments, rents or utilities; or

31 (e) Some or all of the needs described in paragraphs (a) to (d) of this subsection.

32 (3)(a) The [*council*] **commission** shall require as a condition of awarding a grant that the or-
33 ganization demonstrate to the satisfaction of the [*council*] **commission** that the organization has the
34 capacity to deliver any service proposed by the organization.

35 (b) Any funds granted under this section shall not be used to replace existing funds. Funds
36 granted under this section may be used to supplement existing funds. An organization may use funds
37 to support existing programs or to establish new programs.

38 (c) The [*council*] **commission**, by policy, shall give preference in granting funds to those or-
39 ganizations that coordinate services with those programs established under ORS 458.625.

40 (4) The department may expend funds from the account for administration of the account as
41 provided for in the legislatively approved budget, as that term is defined in ORS 291.002, for the
42 department.

43 **SECTION 21.** ORS 458.655 is amended to read:

44 458.655. (1) The Home Ownership Assistance Account shall be administered by the Housing and
45 Community Services Department to expand this state's supply of homeownership housing for low and

1 very low income families and individuals, including, but not limited to, persons over 65 years of age,
 2 persons with disabilities, minorities, veterans and farmworkers. An amount equal to 25 percent of
 3 moneys deposited in the account pursuant to ORS 294.187 is dedicated for expenditure to expand this
 4 state's supply of homeownership housing for low and very low income veterans and families of vet-
 5 erans. The [*State Housing Council*] **Housing Commission** shall have a policy of distributing funds
 6 statewide while concentrating funds in those areas of this state with the greatest need, as deter-
 7 mined by the [*council*] **commission**, for low and very low income homeownership housing. However,
 8 the [*council's*] **commission's** policy of distributing funds may differ from the distribution policy for
 9 the Housing Development and Guarantee Account.

10 (2) Funds in the Home Ownership Assistance Account shall be granted to organizations that
 11 both sponsor and manage low income homeownership programs, including lease-to-own programs, for
 12 the construction of new homeownership housing or for the acquisition or rehabilitation of existing
 13 structures for homeownership housing for persons of low or very low income, or both.

14 (3) The [*council*] **commission** shall develop a policy for disbursing grants for any or all of the
 15 following purposes:

16 (a) To aid low income homeownership programs, including program administration, in purchas-
 17 ing land, providing assistance with down payment costs, or providing homeownership training and
 18 qualification services or any combination thereof. Funds in the Home Ownership Assistance Account
 19 may not be used by an organization to pay for its general operations or to pay for more than 25
 20 percent of construction or rehabilitation costs.

21 (b) To match public and private moneys available from other sources for purposes of the pro-
 22 vision of low or very low income homeownership housing.

23 (c) To administer the Home Ownership Assistance Account as provided for in the legislatively
 24 approved budget, as that term is defined in ORS 291.002, for the department.

25 (4) The [*council*] **commission**, in developing policy under subsection (3) of this section, shall give
 26 preference in making grants to those entities that propose to:

27 (a) Provide the greatest number of low and very low income homeownership housing units con-
 28 structed, acquired or rehabilitated for the amount of account money expended by matching account
 29 funds with other grant, loan or eligible in-kind contributions;

30 (b) Ensure the longest use for the units as low or very low income homeownership housing units,
 31 such as by including some form of equity recapture, land trust or shared equity provisions, as de-
 32 termined by the [*council*] **commission**;

33 (c) Include social services for occupants and proposed occupants of the proposed housing, in-
 34 cluding but not limited to, programs that address home health care, mental health care, alcohol and
 35 drug treatment and post-treatment care, child care, homeownership training, mortgage qualification
 36 service, credit repair and case management; and

37 (d) Support a comprehensive strategy to reverse the decreasing rates of homeownership among
 38 minorities, giving priority to activities that support adopted comprehensive community plans that
 39 incorporate recognized best practices or demonstrate proven success in increasing homeownership
 40 for minorities.

41 **SECTION 22.** ORS 458.735 is amended to read:

42 458.735. The Housing and Community Services Department shall:

43 (1) Administer the Community Development Incentive Project Fund in accordance with rules
 44 adopted by the department. Notwithstanding ORS 456.555, department administration of the fund is
 45 not subject to [*State Housing Council*] **Housing Commission** policy, rules or standards.

1 (2) Verify documentation and approve or disapprove funding recommended by the Community
2 Development Incentive Advisory Board under ORS 458.715.

3 (3) Seek to leverage local, federal and private financial resources for use in conjunction with
4 fund expenditures.

5 (4) Emphasize use of the fund to fill funding gaps in projects identified by the advisory board
6 that are designed to achieve the objectives of the fund.

7 (5) If making a fund expenditure as a loan, establish lending criteria that allow the fund to
8 create quality development patterns and produce a sound loan portfolio. In establishing the criteria,
9 the department shall permit the assumption of an appropriate level of risk, maintain a reserve for
10 losses and provide for the periodic monitoring of reserve adequacy. Loan repayments may be used
11 by the department in any financially prudent manner consistent with fund goals.

12
13 **CONFORMING AMENDMENTS**
14

15 **SECTION 23.** ORS 90.222 is amended to read:

16 90.222. (1) A landlord may require a tenant to obtain and maintain renter's liability insurance
17 in a written rental agreement. The amount of coverage may not exceed \$100,000 per occurrence or
18 the customary amount required by landlords for similar properties with similar rents in the same
19 rental market, whichever is greater.

20 (2) Before entering a new tenancy, a landlord:

21 (a) Shall advise an applicant in writing of a requirement to obtain and maintain renter's liability
22 insurance and the amount of insurance required.

23 (b) May require an applicant to provide documentation of renter's liability insurance coverage
24 before the tenancy begins.

25 (3) For an existing month-to-month tenancy, the landlord may amend a written rental agreement
26 to require renter's liability insurance after giving the tenant at least 30 days' written notice of the
27 requirement. If the tenant does not obtain renter's liability insurance within the 30-day period:

28 (a) The landlord may terminate the tenancy pursuant to ORS 90.392; and

29 (b) The tenant may cure the cause of the termination as provided by ORS 90.392 by obtaining
30 insurance.

31 (4) A landlord may require documentation that the tenant maintains the renter's liability insur-
32 ance on a periodic basis related to the coverage period of the renter's liability insurance policy or
33 more frequently if the landlord reasonably believes that the insurance policy is no longer in effect.

34 (5) A landlord may require that a tenant obtain or maintain renter's liability insurance only if
35 the landlord obtains and maintains comparable liability insurance and provides documentation to
36 any tenant who requests the documentation, orally or in writing. The landlord may provide doc-
37 umentation to a tenant in person, by mail or by posting in a common area or office. The documen-
38 tation may consist of a current certificate of coverage. A written rental agreement that requires a
39 tenant to obtain and maintain renter's liability insurance must include a description of the require-
40 ments of this subsection.

41 (6) Neither a landlord nor a tenant shall make unreasonable demands that have the effect of
42 harassing the other with regard to providing documentation of insurance coverage.

43 (7) A landlord may not:

44 (a) Require that a tenant obtain renter's liability insurance from a particular insurer;

45 (b) Require that a tenant name the landlord as an additional insured or as having any other

1 special status on the tenant's renter's liability insurance policy;

2 (c) Require that a tenant waive the insurer's subrogation rights; or

3 (d) Make a claim against the tenant's renter's liability insurance unless:

4 (A) The claim is for damages or costs for which the tenant is legally liable and not for damages
5 or costs that result from ordinary wear and tear, acts of God or the conduct of the landlord;

6 (B) The claim is greater than the security deposit of the tenant, if any; and

7 (C) The landlord provides a copy of the claim to the tenant contemporaneous with filing the
8 claim with the insurer.

9 (8) A landlord may not require a tenant to obtain or maintain renter's liability insurance if the
10 household income of the tenant is equal to or less than 50 percent of the area median income, ad-
11 justed for family size as measured up to a five-person family, as determined by the [*State Housing*
12 *Council*] **Housing Commission** based on information from the United States Department of Housing
13 and Urban Development.

14 (9) A landlord may not require a tenant to obtain or maintain renter's liability insurance if the
15 dwelling unit of the tenant has been subsidized with public funds:

16 (a) Including federal or state tax credits, federal block grants authorized in the HOME Invest-
17 ment Partnerships Act under Title II of the Cranston-Gonzalez National Affordable Housing Act, as
18 amended, or the Community Development Block Grant program authorized in the Housing and
19 Community Development Act of 1974, as amended, and tax-exempt bonds.

20 (b) Not including federal rent subsidy payments under 42 U.S.C. 1437f.

21 (10) Subsection (9) of this section does not apply to a dwelling unit that is not subsidized even
22 if the unit is on premises in which some dwelling units are subsidized.

23 (11) If a landlord files a frivolous claim against the renter's liability insurance of a tenant, the
24 tenant may recover from the landlord the actual damages of the tenant plus \$500.

25 (12) This section does not:

26 (a) Affect rights or obligations otherwise provided in this chapter or in the rental agreement.

27 (b) Apply to tenancies governed by ORS 90.505 to 90.840.

28 **SECTION 24.** ORS 183.530 is amended to read:

29 183.530. A housing cost impact statement shall be prepared upon the proposal for adoption or
30 repeal of any rule or any amendment to an existing rule by:

31 (1) The [*State Housing Council*] **Housing Commission**;

32 (2) A building codes division of the Department of Consumer and Business Services or any board
33 associated with the department with regard to rules adopted under ORS 455.610 to 455.630;

34 (3) The Land Conservation and Development Commission;

35 (4) The Environmental Quality Commission;

36 (5) The Construction Contractors Board;

37 (6) The Occupational Safety and Health Division of the Department of Consumer and Business
38 Services; or

39 (7) The State Department of Energy.

40 **SECTION 25.** ORS 183.534 is amended to read:

41 183.534. (1) A housing cost impact statement is an estimate of the effect of a proposed rule or
42 ordinance on the cost of development of a 6,000 square foot parcel and the construction of a 1,200
43 square foot detached single family dwelling on that parcel. The [*State Housing Council*] **Housing**
44 **Commission** shall adopt rules prescribing the form to be used when preparing the estimate and
45 other such rules necessary to the implementation of this section and ORS 183.530 and 183.538.

(2) A housing cost impact statement:

(a) For an agency listed in ORS 183.530 shall be incorporated in the:

(A) Fiscal impact statement required by ORS 183.335 (2)(b)(E) for permanent rule adoption; or

(B) Statements required by ORS 183.335 (5) for temporary rule adoption.

(b) Shall not be required for the adoption of any procedural rule by an agency listed in ORS 183.530.

SECTION 26. ORS 280.482 is amended to read:

280.482. A city shall report to the [*State Housing Council*] **Housing Commission** and the Legislative Assembly, not later than February 1 of each odd-numbered year on the disposition within that city of the proceeds of bonds issued for the purposes of making mortgage loans under ORS 280.425 (3) and 280.430 (5). The report shall, as a minimum, identify the population, income levels and areas served by the housing program, the length of residence in dwellings purchased under the program and the degree to which the city considers the program's initial objectives have been achieved. The report shall be reviewed by the [*State Housing Council*] **Housing Commission** and the [*council*] **commission** shall make its comments on the report known to the city and the Legislative Assembly.

SECTION 27. ORS 307.181 is amended to read:

307.181. (1) Land acquired by an Indian tribe by purchase, gift or without consideration is exempt from taxation if:

(a) The land is located within the ancient tribal boundaries of the tribe; and

(b) Acquisition of the land by the United States in trust status has been requested or is in process.

(2) The exemption under subsection (1) of this section ceases if the federal government enters a final administrative determination denying the request for acquisition of the land in trust status and:

(a) The deadlines for all available federal administrative appeals and federal judicial review expire with no appeal or review initiated; or

(b) All federal administrative and judicial proceedings arising from or related to the request for or process of acquisition of the land in trust status that have been initiated are completed without overturning the administrative denial of the request.

(3)(a) Notwithstanding subsections (1) and (2) of this section, property that is owned exclusively by an eligible Indian tribe or by an entity wholly owned by an eligible Indian tribe, or a portion of the property, is exempt from taxation if the property, or the portion of the property, respectively, is used exclusively for government services.

(b) Property described in paragraph (a) of this subsection that may be exempt from taxation as property used exclusively for low income rental housing includes, without limitation, property that:

(A) Is held under lease or a lease purchase agreement by an eligible Indian tribe;

(B)(i) Is the property of a partnership, nonprofit corporation or limited liability company of which an eligible Indian tribe is a general partner, limited partner, director, member, manager or general manager; and

(ii) Is leased or rented to low income persons for housing purposes; or

(C) Is used exclusively for an activity that qualifies as an affordable housing activity under 25 U.S.C. 4132.

(c) Property described in paragraph (a) of this subsection may not be exempt from taxation as property that is used exclusively for low income rental housing unless:

- 1 (A) For purposes of ORS 307.540 to 307.548, the requirements of ORS 307.543 have been satisfied;
- 2 (B) The property is offered for rent or is held for the purpose of developing low income rental
- 3 housing;
- 4 (C) If occupied, the property is occupied solely by low income persons; and
- 5 (D) The property is located in a county in which more than 10 percent of the enrolled members
- 6 of the eligible Indian tribe reside.
- 7 (4) As used in this section:
- 8 (a) "Eligible Indian tribe" means the Burns Paiute Tribe, the Confederated Tribes of Coos,
- 9 Lower Umpqua and Siuslaw Indians, the Confederated Tribes of the Grand Ronde Community of
- 10 Oregon, the Confederated Tribes of Siletz Indians of Oregon, the Confederated Tribes of the
- 11 Umatilla Indian Reservation, the Confederated Tribes of Warm Springs Reservation of Oregon, the
- 12 Coquille Indian Tribe, the Cow Creek Band of Umpqua Tribe of Indians or the Klamath Tribes.
- 13 (b) "Government services" means services provided by an eligible Indian tribe that:
- 14 (A) Are equivalent to services that a state or local government or the federal government cus-
- 15 tomarily provides to its citizens;
- 16 (B) Are related to:
- 17 (i) Tribal administration;
- 18 (ii) Tribal facilities or tribal health facilities;
- 19 (iii) Elementary or secondary education or higher education, including community colleges;
- 20 (iv) Transportation;
- 21 (v) Fire or police;
- 22 (vi) Low income rental housing;
- 23 (vii) Utility services provided to an Indian reservation or to land held in trust by the United
- 24 States for the benefit of an eligible Indian tribe; or
- 25 (viii) Cemeteries; and
- 26 (C) Other than government services related to the uses of property described in subsection (3)(c)
- 27 of this section, do not generate income.
- 28 (c) "Low income":
- 29 (A) Means income at or below 60 percent of the area median income as determined by the [*State*
- 30 *Housing Council*] **Housing Commission** based on information from the United States Department
- 31 of Housing and Urban Development.
- 32 (B) For purposes of projects undertaken pursuant to the Native American Housing Assistance
- 33 and Self-Determination Act of 1996 (P.L. 104-330), includes income that qualifies under 24 C.F.R.
- 34 5.609.
- 35 (d) "Utility services" means services related to sanitation, sewer, storm drainage and water.
- 36 **SECTION 28.** ORS 307.181, as amended by section 5, chapter 42, Oregon Laws 2012, is amended
- 37 to read:
- 38 307.181. (1) Land acquired by an Indian tribe by purchase, gift or without consideration is ex-
- 39 empt from taxation if:
- 40 (a) The land is located within the ancient tribal boundaries of the tribe; and
- 41 (b) Acquisition of the land by the United States in trust status has been requested or is in pro-
- 42 cess.
- 43 (2) The exemption under subsection (1) of this section ceases if the federal government enters
- 44 a final administrative determination denying the request for acquisition of the land in trust status
- 45 and:

1 (a) The deadlines for all available federal administrative appeals and federal judicial review ex-
 2 pire with no appeal or review initiated; or

3 (b) All federal administrative and judicial proceedings arising from or related to the request for
 4 or process of acquisition of the land in trust status that have been initiated are completed without
 5 overturning the administrative denial of the request.

6 (3)(a) Notwithstanding subsections (1) and (2) of this section, property that is owned exclusively
 7 by an eligible Indian tribe or by an entity wholly owned by an eligible Indian tribe, or a portion of
 8 the property, is exempt from taxation if the property, or the portion of the property, respectively,
 9 is used exclusively for government services.

10 (b) Property described in paragraph (a) of this subsection that may be exempt from taxation as
 11 property used exclusively for low income rental housing includes, without limitation, property that:

12 (A) Is held under lease or a lease purchase agreement by an eligible Indian tribe;

13 (B)(i) Is the property of a partnership, nonprofit corporation or limited liability company of
 14 which an eligible Indian tribe is a general partner, limited partner, director, member, manager or
 15 general manager; and

16 (ii) Is leased or rented to low income persons for housing purposes; or

17 (C) Is used exclusively for an activity that qualifies as an affordable housing activity under 25
 18 U.S.C. 4132.

19 (c) Property described in paragraph (a) of this subsection may not be exempt from taxation as
 20 property that is used exclusively for low income rental housing unless:

21 (A) All agreements necessary for the construction and operation of the property as low income
 22 rental housing are executed before July 1, 2017;

23 (B) For purposes of ORS 307.540 to 307.548, the requirements of ORS 307.543 have been satisfied;

24 (C) The property is offered for rent or is held for the purpose of developing low income rental
 25 housing;

26 (D) If occupied, the property is occupied solely by low income persons; and

27 (E) The property is located in a county in which more than 10 percent of the enrolled members
 28 of the eligible Indian tribe reside.

29 (4) As used in this section:

30 (a) "Eligible Indian tribe" means the Burns Paiute Tribe, the Confederated Tribes of Coos,
 31 Lower Umpqua and Siuslaw Indians, the Confederated Tribes of the Grand Ronde Community of
 32 Oregon, the Confederated Tribes of Siletz Indians of Oregon, the Confederated Tribes of the
 33 Umatilla Indian Reservation, the Confederated Tribes of Warm Springs Reservation of Oregon, the
 34 Coquille Indian Tribe, the Cow Creek Band of Umpqua Tribe of Indians or the Klamath Tribes.

35 (b) "Government services" means services provided by an eligible Indian tribe that:

36 (A) Are equivalent to services that a state or local government or the federal government cus-
 37 tomarily provides to its citizens;

38 (B) Are related to:

39 (i) Tribal administration;

40 (ii) Tribal facilities or tribal health facilities;

41 (iii) Elementary or secondary education or higher education, including community colleges;

42 (iv) Transportation;

43 (v) Fire or police;

44 (vi) Low income rental housing;

45 (vii) Utility services provided to an Indian reservation or to land held in trust by the United

1 States for the benefit of an eligible Indian tribe; or

2 (viii) Cemeteries; and

3 (C) Other than government services related to the uses of property described in subsection (3)(c)
4 of this section, do not generate income.

5 (c) “Low income”:

6 (A) Means income at or below 60 percent of the area median income as determined by the [*State*
7 *Housing Council*] **Housing Commission** based on information from the United States Department
8 of Housing and Urban Development.

9 (B) For purposes of projects undertaken pursuant to the Native American Housing Assistance
10 and Self-Determination Act of 1996 (P.L. 104-330), includes income that qualifies under 24 C.F.R.
11 5.609.

12 (d) “Utility services” means services related to sanitation, sewer, storm drainage and water.

13 **SECTION 29.** ORS 307.515 is amended to read:

14 307.515. As used in ORS 307.515 to 307.523:

15 (1) “Governing body” means the city or county legislative body having jurisdiction over the
16 property for which an exemption may be applied for under ORS 307.515 to 307.523.

17 (2) “Lender” means the provider of a loan secured by the recorded deed of trust or recorded
18 mortgage made to finance the purchase, construction or rehabilitation of a property used for low
19 income housing under the criteria listed in ORS 307.517 or 307.518.

20 (3) “Low income” means income at or below 60 percent of the area median income as determined
21 by the [*State Housing Council*] **Housing Commission** based on information from the United States
22 Department of Housing and Urban Development.

23 **SECTION 30.** ORS 307.540 is amended to read:

24 307.540. As used in ORS 307.540 to 307.548:

25 (1) “Governing body” means the city or county legislative body having jurisdiction over the
26 property for which an exemption may be applied for under ORS 307.540 to 307.548.

27 (2) “Low income” means income at or below 60 percent of the area median income as determined
28 by the [*State Housing Council*] **Housing Commission** based on information from the United States
29 Department of Housing and Urban Development.

30 **SECTION 31.** ORS 317.097, as amended by section 26, chapter 52, Oregon Laws 2014, is
31 amended to read:

32 317.097. (1) As used in this section:

33 (a) “Annual rate” means the yearly interest rate specified on the note, and not the annual per-
34 centage rate, if any, disclosed to the applicant to comply with the federal Truth in Lending Act.

35 (b) “Finance charge” means the total of all interest, loan fees, interest on any loan fees financed
36 by the lending institution, and other charges related to the cost of obtaining credit.

37 (c) “Lending institution” means any insured institution, as that term is defined in ORS 706.008,
38 any mortgage banking company that maintains an office in this state or any community development
39 corporation that is organized under the Oregon Nonprofit Corporation Law.

40 (d) “Manufactured dwelling park” has the meaning given that term in ORS 446.003.

41 (e) “Nonprofit corporation” means a corporation that is exempt from income taxes under section
42 501(c)(3) or (4) of the Internal Revenue Code as amended and in effect on December 31, 2013.

43 (f) “Preservation project” means housing that was previously developed as affordable housing
44 with a contract for rent assistance from the United States Department of Housing and Urban De-
45 velopment or the United States Department of Agriculture and that is being acquired by a spon-

1 soring entity.

2 (g) "Qualified assignee" means any investor participating in the secondary market for real estate
3 loans.

4 (h) "Qualified borrower" means any borrower that is a sponsoring entity that has a controlling
5 interest in the real property that is financed by a qualified loan. A controlling interest includes, but
6 is not limited to, a controlling interest in the general partner of a limited partnership that owns the
7 real property.

8 (i) "Qualified loan" means:

9 (A) A loan that meets the criteria stated in subsection (5) of this section or that is made to re-
10 finance a loan that meets the criteria described in subsection (5) of this section; or

11 (B) The purchase by a lending institution of bonds, as defined in ORS 286A.001, issued on behalf
12 of the Housing and Community Services Department, the proceeds of which are used to finance or
13 refinance a loan that meets the criteria described in subsection (5) of this section.

14 (j) "Sponsoring entity" means a nonprofit corporation, nonprofit cooperative, state governmental
15 entity, local unit of government as defined in ORS 466.706, housing authority or any other person,
16 provided that the person has agreed to restrictive covenants imposed by a nonprofit corporation,
17 nonprofit cooperative, state governmental entity, local unit of government or housing authority.

18 (2) The Department of Revenue shall allow a credit against taxes otherwise due under this
19 chapter for the taxable year to a lending institution that makes a qualified loan certified by the
20 Housing and Community Services Department as provided in subsection (7) of this section. The
21 amount of the credit is equal to the difference between:

22 (a) The amount of finance charge charged by the lending institution during the taxable year at
23 an annual rate less than the market rate for a qualified loan that is made before January 1, 2020,
24 that complies with the requirements of this section; and

25 (b) The amount of finance charge that would have been charged during the taxable year by the
26 lending institution for the qualified loan for housing construction, development, acquisition or re-
27 habilitation measured at the annual rate charged by the lending institution for nonsubsidized loans
28 made under like terms and conditions at the time the qualified loan for housing construction, de-
29 velopment, acquisition or rehabilitation is made.

30 (3) The maximum amount of credit for the difference between the amounts described in sub-
31 section (2)(a) and (b) of this section may not exceed four percent of the average unpaid balance of
32 the qualified loan during the tax year for which the credit is claimed.

33 (4) Any tax credit allowed under this section that is not used by the taxpayer in a particular
34 year may be carried forward and offset against the taxpayer's tax liability for the next succeeding
35 tax year. Any credit remaining unused in the next succeeding tax year may be carried forward and
36 used in the second succeeding tax year, and likewise, any credit not used in that second succeeding
37 tax year may be carried forward and used in the third succeeding tax year, and any credit not used
38 in that third succeeding tax year may be carried forward and used in the fourth succeeding tax year,
39 and any credit not used in that fourth succeeding tax year may be carried forward and used in the
40 fifth succeeding tax year, but may not be carried forward for any tax year thereafter.

41 (5) To be eligible for the tax credit allowable under this section, a lending institution must make
42 a qualified loan by either purchasing bonds, as defined in ORS 286A.001, issued on behalf of the
43 Housing and Community Services Department, the proceeds of which are used to finance or re-
44 finance a loan that meets the criteria stated in this subsection, or by making a loan directly to:

45 (a) An individual or individuals who own a dwelling, participate in an owner-occupied commu-

1 nity rehabilitation program and are certified by the local government or its designated agent as
 2 having an income level when the loan is made of less than 80 percent of the area median income;

3 (b) A qualified borrower who:

4 (A) Uses the loan proceeds to finance construction, development, acquisition or rehabilitation
 5 of housing; and

6 (B) Provides a written certification executed by the Housing and Community Services Depart-
 7 ment that the:

8 (i) Housing created by the loan is or will be occupied by households earning less than 80 percent
 9 of the area median income; and

10 (ii) Full amount of savings from the reduced interest rate provided by the lending institution is
 11 or will be passed on to the tenants in the form of reduced housing payments, regardless of other
 12 subsidies provided to the housing project;

13 (c) Subject to subsection (14) of this section, a qualified borrower who:

14 (A) Uses the loan proceeds to finance construction, development, acquisition or rehabilitation
 15 of housing consisting of a manufactured dwelling park; and

16 (B) Provides a written certification executed by the Housing and Community Services Depart-
 17 ment that the housing will continue to be operated as a manufactured dwelling park during the pe-
 18 riod for which the tax credit is allowed; or

19 (d) A qualified borrower who:

20 (A) Uses the loan proceeds to finance acquisition or rehabilitation of housing consisting of a
 21 preservation project; and

22 (B) Provides a written certification executed by the Housing and Community Services Depart-
 23 ment that the housing preserved by the loan:

24 (i) Is or will be occupied by households earning less than 80 percent of the area median income;
 25 and

26 (ii) Is the subject of a rent assistance contract with the United States Department of Housing
 27 and Urban Development or the United States Department of Agriculture that will be maintained by
 28 the qualified borrower.

29 (6) A loan made to refinance a loan that meets the criteria stated in subsection (5) of this sec-
 30 tion must be treated the same as a loan that meets the criteria stated in subsection (5) of this sec-
 31 tion.

32 (7) For a qualified loan to be eligible for the tax credit allowable under this section, the Housing
 33 and Community Services Department must execute a written certification for the qualified loan that:

34 (a) Specifies the period, not to exceed 20 years, as determined by the Housing and Community
 35 Services Department, during which the tax credit is allowed for the qualified loan; and

36 (b) States that the qualified loan is within the limitation imposed by subsection (8) of this sec-
 37 tion.

38 (8) The Housing and Community Services Department may certify qualified loans that are eligi-
 39 ble under subsection (5) of this section if the total credits attributable to all qualified loans eligible
 40 for credits under this section and then outstanding do not exceed \$17 million for any fiscal year. In
 41 making loan certifications under subsection (7) of this section, the Housing and Community Services
 42 Department shall attempt to distribute the tax credits statewide, but shall concentrate the tax
 43 credits in those areas of the state that are determined by the [State Housing Council] **Housing**
 44 **Commission** to have the greatest need for affordable housing.

45 (9) The tax credit provided for in this section may be taken whether or not:

1 (a) The financial institution is eligible to take a federal income tax credit under section 42 of
 2 the Internal Revenue Code with respect to the project financed by the qualified loan; or

3 (b) The project receives financing from bonds, the interest on which is exempt from federal
 4 taxation under section 103 of the Internal Revenue Code.

5 (10) For a qualified loan defined in subsection (1)(i)(B) of this section financed through the pur-
 6 chase of bonds, the interest of which is exempt from federal taxation under section 103 of the
 7 Internal Revenue Code, the amount of finance charge that would have been charged under sub-
 8 section (2)(b) of this section is determined by reference to the finance charge that would have been
 9 charged if the federally tax exempt bonds had been issued and the tax credit under this section did
 10 not apply.

11 (11) A lending institution may sell a qualified loan for which a certification has been executed
 12 to a qualified assignee whether or not the lending institution retains servicing of the qualified loan
 13 so long as a designated lending institution maintains records, annually verified by a loan servicer,
 14 that establish the amount of tax credit earned by the taxpayer throughout each year of eligibility.

15 (12) Notwithstanding any other provision of law, a lending institution that is a community de-
 16 velopment corporation organized under the Oregon Nonprofit Corporation Law may transfer all or
 17 part of a tax credit allowed under this section to one or more other lending institutions that are
 18 stockholders or members of the community development corporation or that otherwise participate
 19 through the community development corporation in the making of one or more qualified loans for
 20 which the tax credit under this section is allowed.

21 (13) The lending institution shall file an annual statement with the Housing and Community
 22 Services Department, specifying that it has conformed with all requirements imposed by law to
 23 qualify for a tax credit under this section.

24 (14) Notwithstanding subsection (1)(h) and (j) of this section, a qualified borrower on a loan to
 25 finance the construction, development, acquisition or rehabilitation of a manufactured dwelling park
 26 under subsection (5)(c) of this section must be a nonprofit corporation, manufactured dwelling park
 27 nonprofit cooperative, state governmental entity, local unit of government as defined in ORS 466.706
 28 or housing authority.

29 (15) The Housing and Community Services Department and the Department of Revenue may
 30 adopt rules to carry out the provisions of this section.

31 **SECTION 32.** ORS 426.508 is amended to read:

32 426.508. (1) Notwithstanding ORS 421.611 to 421.630 or any actions taken under ORS 421.611 to
 33 421.630, the Department of Corrections shall transfer the real property known as the F. H.
 34 Dammasch State Hospital and all improvements to the Oregon Department of Administrative Ser-
 35 vices to be sold for the benefit of the Oregon Health Authority.

36 (2)(a) Notwithstanding ORS 270.100 to 270.190, and except as provided in subsection (4) of this
 37 section, the Oregon Department of Administrative Services shall sell or otherwise convey the real
 38 property known as the F. H. Dammasch State Hospital in a manner consistent with the provisions
 39 of this section. Conveyance shall not include transfer to a state agency. The sale price of the real
 40 property shall equal or exceed the fair market value of the real property. The Oregon Department
 41 of Administrative Services shall engage the services of a licensed real estate broker or principal real
 42 estate broker to facilitate the sale of the real property.

43 (b) The Oregon Department of Administrative Services shall retain from the sale or other
 44 conveyance of the real property those costs incurred by the state in selling or conveying the real
 45 property, including costs incurred by the Department of Corrections in transferring the real prop-

erty to the Oregon Department of Administrative Services. The remaining proceeds from the sale or other conveyance shall be transferred to the Community Housing Trust Account created under ORS 426.506 (3).

(3) Redevelopment of the real property formerly occupied by the F. H. Dammasch State Hospital shall be consistent with the Dammasch Area Transportation Efficient Land Use Plan developed by Clackamas County, the City of Wilsonville, the Oregon Department of Administrative Services, the Department of Land Conservation and Development, the Department of Transportation, the [*State Housing Council*] **Housing Commission**, the Oregon Health Authority and the Department of State Lands.

(4) The Oregon Department of Administrative Services shall reserve from the sale of the real property under subsection (2) of this section not more than 10 acres. The real property reserved from sale shall be transferred to the Oregon Health Authority for use by the authority to develop community housing for persons with chronic mental illness. The department and the authority shall jointly coordinate with the City of Wilsonville to identify the real property reserved from sale under this subsection.

SECTION 33. ORS 671.755 is amended to read:

671.755. (1) As used in this section:

(a) “Business license tax” means any fee paid by a person to a city or county for any form of license that is required by the city or county in order to conduct business in that city or county. “Business license tax” does not mean a franchise fee or privilege tax imposed by a city upon a public utility under ORS 221.420 or 221.450 or under a city charter.

(b) “Conducting business” means engaging directly, or through officers, agents and employees, in an activity in pursuit of gain.

(c) “Principal place of business” means the location in this state of the central administrative office of a person conducting business in this state.

(d) “Within a metropolitan service district” means that city limits are wholly or partially inside district boundaries.

(2) A landscape contracting business shall pay directly to any city within a metropolitan service district any business license tax imposed by the city if:

(a) The landscape contracting business has its principal place of business within the city; or

(b) The landscape contracting business does not have its principal place of business within the city but derives gross receipts of \$250,000 or more from conducting business within the city during the calendar year for which the tax is owed.

(3) A landscape contracting business may apply for a business license from a metropolitan service district if the business conducts business in a city that is within the district but that is not a city to which the business directly pays a business license tax for that year.

(4) The metropolitan service district shall issue a business license to a landscape contracting business if:

(a) The business proves to the district that the business has directly paid the business license tax imposed by each city within the district to which the business must directly pay a business license tax; and

(b) The business pays a license fee to the district.

(5) The license fee charged under subsection (4) of this section shall be twice the average business license tax charged to landscape contracting businesses by cities located within the metropolitan service district plus an amount that is sufficient to reimburse the district for the administrative

1 expenses of the district incurred in carrying out its duties under this section.

2 (6) If a landscape contracting business is issued a business license by the metropolitan service
3 district under subsection (4) of this section, and a city within the district other than a city described
4 in subsection (2) of this section demands that the business pay a business license tax, the demanding
5 city shall waive payment of the tax if the business proves by possession or otherwise that the
6 business has a business license issued by the metropolitan service district for the calendar year for
7 which the tax is owed.

8 (7) The metropolitan service district shall distribute the business license fees collected by the
9 district under this section, less administrative expenses, to the cities within the district that collect
10 a business license tax. In any year, each of the cities shall receive a share of the license fees based
11 upon the proportion that the number of residential building permits the city issued during the year
12 bears to the total number of residential building permits issued during the year by all of the cities
13 within the district. The district shall determine the number of residential building permits issued by
14 cities within the district from statistics and other data published by the [*State Housing Council*]
15 **Housing Commission**. A district shall distribute moneys under this subsection at least once each
16 year.

17 **SECTION 34.** ORS 701.015 is amended to read:

18 701.015. (1) A contractor shall pay directly to any city within the boundaries of a metropolitan
19 service district any business license tax imposed by the city when:

20 (a) The principal place of business of the contractor is within the city; or

21 (b) The principal place of business of the contractor is not within the city but the contractor
22 derives gross receipts of \$250,000 or more from business conducted within the boundaries of the city
23 during the calendar year for which the business license tax is owed.

24 (2) A contractor who conducts business during any year in any city within the boundaries of the
25 metropolitan service district other than a city to which the contractor has paid a business license
26 tax for that year may apply for a business license from the metropolitan service district.

27 (3) When a contractor obtains a business license from the metropolitan service district under
28 subsection (2) of this section, if a city within the boundaries of the metropolitan service district
29 other than a city to which the contractor is required to directly pay a business license tax under
30 subsection (1) of this section demands payment of a business license tax by the contractor, the city
31 shall waive such payment upon presentation of proof by the contractor that the contractor has a
32 business license issued by the metropolitan service district. Possession by the contractor of a cur-
33 rent business license issued by the metropolitan service district under subsection (2) of this section
34 shall be proof sufficient to obtain the waiver described in this subsection.

35 (4) The metropolitan service district shall issue a business license to a contractor when:

36 (a) The contractor presents proof to the district that the contractor has paid the business li-
37 cense tax imposed by each city within the boundaries of the district to which the contractor must
38 directly pay a business license tax under subsection (1) of this section; and

39 (b) The contractor pays a license fee to the district. The license fee charged under this para-
40 graph shall be twice the average business license tax charged contractors by cities located within
41 the metropolitan service district plus an amount that is sufficient to reimburse the district for the
42 administrative expenses of the district incurred in carrying out its duties under this section.

43 (5) The metropolitan service district shall distribute the business license fees collected by the
44 district under this section, less administrative expenses, to the cities that are located wholly or
45 partly within the district and that collect a business license tax. In any year, each such city shall

1 receive such share of the license fees as the number of residential building permits that it issued
2 during that year bears to the total number of residential building permits that were issued during
3 that year by all of the cities located wholly or partly within the district. Distribution of moneys
4 under this subsection shall be made at least once in each year. The metropolitan service district
5 shall determine the number of residential building permits issued by cities within the district from
6 statistics and other data published by the [State Housing Council] **Housing Commission.**

7 (6) As used in this section:

8 (a) "Business license tax" means any fee paid by a person to a city or county for any form of
9 license that is required by the city or county in order to conduct business in that city or county.
10 The term does not include any franchise fee or privilege tax imposed by a city upon a public utility
11 under ORS 221.420 or 221.450 or any provision of a city charter.

12 (b) "Conducting business" means to engage in any activity in pursuit of gain including activities
13 carried on by a person through officers, agents and employees as well as activities carried on by a
14 person on that person's own behalf.

15 (c) "Principal place of business" means the location in this state of the central administrative
16 office of a person conducting business in this state.

17
18 **AGENCY NAME CHANGE**

19
20 **SECTION 35. (1) The amendments to ORS 456.567 by section 9 of this 2015 Act are in-**
21 **tended to change the name of the "State Housing Council" to the "Housing Commission."**

22 **(2) For the purpose of harmonizing and clarifying statutory law, the Legislative Council**
23 **may substitute for words designating the "State Housing Council," wherever they occur in**
24 **statutory law, other words designating the "Housing Commission."**

25
26 **UNIT CAPTIONS**

27
28 **SECTION 36. The unit captions used in this 2015 Act are provided only for the conven-**
29 **ience of the reader and do not become part of the statutory law of this state or express any**
30 **legislative intent in the enactment of this 2015 Act.**

31
32 **EMERGENCY CLAUSE**

33
34 **SECTION 37. This 2015 Act being necessary for the immediate preservation of the public**
35 **peace, health and safety, an emergency is declared to exist, and this 2015 Act takes effect**
36 **on its passage.**

37 _____