A-Engrossed

House Bill 2912

Ordered by the House July 4
Including House Amendments dated July 4

Sponsored by Representatives GOMBERG, HUFFMAN, JOHNSON, KENY-GUYER; Representative NOBLE

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.

Establishes Affordable Housing Land Acquisition Revolving Loan [*Fund*] Program within Housing and Community Services Department to make loans to eligible organizations to purchase land for affordable housing development and to provide supportive services to residents and low income households. Authorizes department to contract with nonprofit organization to serve as program administrator.

Provides for repayment of loans for noncompliance with development plans. Requires completion of development within eight years. Requires development of performance measures and report to Legislative Assembly on December 1 of each year.

[*Establishes Affordable Housing Land Acquisition Revolving Loan Fund and continuously appropriates moneys in fund to department.*]

1 **A BILL FOR AN ACT**

2 Relating to a program for affordable housing land acquisition development.

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

4 **SECTION 1. (1) The Affordable Housing Land Acquisition Revolving Loan Program is es-**

5 **tablished within the Housing and Community Services Department. The purpose of the pro-**

6 **gram is to provide financial assistance to eligible organizations to purchase land for**

7 **affordable housing development. The department may contract with a qualifying nonprofit**

8 **organization to serve in a fiduciary capacity as program administrator.**

9 **(2) The department or the program administrator, with the department's approval, may**

10 **make loans to eligible organizations to purchase land on which to develop affordable housing**

11 **and to build facilities intended to provide supportive services to affordable housing residents**

12 **and low income households in the nearby community.**

13 **(3) Organizations that are eligible to participate in the program include local govern-**

14 **ments, local housing authorities, nonprofit community or neighborhood-based organizations,**

15 **federally recognized Indian tribes in this state and regional or statewide nonprofit housing**

16 **assistance organizations.**

17 **(4) Each eligible organization must include in the organization's loan application a pro-**

18 **posed affordable housing development plan that indicates the number of affordable housing**

19 **units planned, a description of any other facilities that are being considered for the property**

20 **and an estimated timeline for completion of the development. The department or the**

21 **department's program administrator may require additional information from eligible or-**

22 **ganizations and may consider the efficient use of land, project readiness, organizational ca-**

23 **pacity and other factors as criteria in making loans.**

1   (5) Forty percent of loans made by the program shall go to eligible organizations oper-
2 ating home ownership programs for low income households. If the entire 40 percent cannot
3 be loaned to the types of eligible organizations described in this subsection, the remainder
4 may be loaned to other eligible organizations under subsection (6) of this section.

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

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

14   (8) Within eight years of receiving a loan under this section, a loan recipient must com-
15 plete development of affordable housing on the property for which the loan was made and
16 place the affordable housing into service.

17   (9) A loan recipient must preserve the affordable housing developed on the property ac-
18 quired under this section as affordable housing for a minimum of 30 years.

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

31   (b) As used in this subsection, "current market rate" means the current average market
32 interest rate that is determined at the time any individual loan is closed upon using a widely
33 recognized current market interest rate measurement to be selected for use by the depart-
34 ment or by the program administrator, with the approval of the department. This interest
35 rate must be noted in an attachment to the closing documents for each loan.

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

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

39   (13) The department, or the program administrator with the approval of the department,
40 must develop performance measures for the program, including at a minimum measures re-
41 lated to:

42   (a) The ability of eligible organizations to access land for affordable housing development;

43   (b) The total number of dwelling units by housing type and the total number of low in-
44 come households and persons served; and

45   (c) The financial efficiency of the program as demonstrated by certain factors, including

1 the cost per unit developed for affordable housing units in different areas of this state and
2 a measure of the effective use of funds to produce the greatest number of units for low in-
3 come households.

4   (14) By December 1 of each year, beginning in 2018, the department and the program
5 administrator, if any, shall report to the interim committees of the Legislative Assembly
6 with subject matter jurisdiction for housing regarding the performance measures developed
7 under subsection (13) of this section.

8   (15) For purposes of this section, "low income household" has the meaning given that
9 term in ORS 456.270.

10   (16) The department shall adopt rules to implement and carry out the provisions of this
11 section.

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