

HB 3482 A STAFF MEASURE SUMMARY

House Committee On Housing and Homelessness

Action Date: 03/28/23

Action: Do pass with amendments and be referred to Ways and Means. (Printed A-Eng.)

Vote: 7-3-1-0

Yeas: 7 - Fahey, Gamba, Hartman, Helfrich, Helm, Javadi, Levy E

Nays: 3 - Boice, Cate, Wright

Exc: 1 - Dexter

Fiscal: Fiscal impact issued

Revenue: No revenue impact

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Meeting Dates: 3/21, 3/28

WHAT THE MEASURE DOES:

Directs Oregon Housing and Community Services (OHCS) to award **grants and loans for predevelopment costs** related to developing housing for rental or ownership that is affordable to low-income households earning less than or equal to 80 percent of area median income for a minimum affordability period established by OHCS. Requires at least 80 percent of grant funds, and at least 80 percent of loan funds, be awarded to eligible public benefit and religious nonprofits, federally recognized Indian tribes, local governments, public bodies, housing authorities or developers partnering with such organizations. Clarifies grants to public benefit and religious nonprofit corporations may only be used for projects on land that has been owned by the grantee since January 1, 2023. Allows grants of up to \$200,000 per development and loans of up to \$200,000 per development. Appropriates to OHCS, for the biennium beginning July 1, 2023: \$10 million in General Fund moneys for predevelopment grants; \$10 million for predevelopment loans; and \$125,000 to inform eligible organizations about the availability of grants and loans. Directs OHCS to complete initial rulemaking on grants by June 1, 2024 and begin soliciting grant applications soon after. Directs OHCS to award a grant by July 1, 2024, to Leaven Community to provide **technical assistance and resources to nonprofit corporations** eligible for affordable housing predevelopment grants and loans. Appropriates, for the biennium beginning July 1, 2023, \$250,000 in General Fund moneys to OHCS for a grant to Leaven Community. Repeals predevelopment grant program January 2, 2026. **Establishes Affordable Housing Predevelopment Loan Fund** within State Treasury and directs OHCS to adopt process to forgive loan repayment if borrower determines development of affordable housing is not feasible. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Efforts of faith-based organizations to support homeless community members
- Barriers for nonprofits interested in developing affordable housing
- Desire for analysis on overall housing development expenditures proposed in the 2023 session
- Sideboards for residents of housing projects sited on religious institution-owned property to clarify there is no expected involvement of residents in religious institution's activities

EFFECT OF AMENDMENT:

Replaces the measure.

BACKGROUND:

According to the Department of Land Conservation and Development (DLCD), Oregon needs to develop more than 550,000 new housing units across income levels to accommodate 20 years of population growth and to account for current underproduction and the lack of units for people experiencing homelessness. DLCD estimates that

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approximately 49 percent of this housing will require public subsidy. The department reported in its February 2021 Regional Housing Needs Analysis report that underproduction may be attributed to high land and construction costs, inadequate infrastructure, and limited local government capacity, among other factors. The Oregon Office of Economic Analysis has reported on the longer-term impacts of housing production, including slowing economic growth and potential increased displacement of Oregonians who cannot afford to rent or buy a home.

In 2021, the Legislative Assembly enacted House Bill 2008, which provided a tax exemption for property of a religious organization held or used solely to provide affordable housing to low-income households with a 60-year affordability covenant. The measure limited conditions that local governments may place on development of affordable housing provided by religious nonprofit corporations and expanded zoning where such housing must be allowed. The same year, Senate Bill 8 (2021) limited local governments from denying or limiting the approval of affordable housing applications, subject to certain zoning and property ownership conditions, provided the property is owned by a public body or nonprofit corporation organized as a religious corporation.

House Bill 3482 A allocates a total of \$20 million to Oregon Housing and Community Services (OHCS) to award grants and loans for predevelopment costs related to developing housing for rental or ownership that is affordable to low-income households earning less than or equal to 80 percent of area median income for a minimum affordability period established by OHCS. It specifies that at least 80 percent of grant funds, and at least 80 percent of loan funds, be awarded to eligible public benefit and religious nonprofits, federally recognized Indian tribes, local governments, public bodies, housing authorities or developers partnering with these organizations. The measure also allocates \$125,000 to OHCS to inform eligible organizations about the availability of grants and loans, and \$250,000 to Leaven Community to provide technical assistance and resources to nonprofit corporations eligible for affordable housing predevelopment grants and loans.