

**HB 2980 A STAFF MEASURE SUMMARY**

**House Committee On Housing and Homelessness**

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**Action Date:** 04/04/23

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

**Vote:** 8-2-1-0

**Yeas:** 8 - Dexter, Fahey, Gamba, Hartman, Helfrich, Helm, Javadi, Levy E

**Nays:** 2 - Cate, Wright

**Exc:** 1 - Boice

**Fiscal:** Fiscal impact issued

**Revenue:** Revenue impact issued

**Prepared By:** Claire Adamsick, LPRO Analyst

**Meeting Dates:** 2/2, 4/4

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**WHAT THE MEASURE DOES:**

Directs Oregon Business Development Department (OBDD) to develop and administer loans to sponsoring jurisdictions to fund certain costs associated with the construction of eligible housing projects. Requires loans be interest-free for at least 10 years, and that eligible housing projects include single-family and multifamily dwellings, and accessory dwelling units available for rent or ownership, available to households with an income no greater than 120 percent of area median income. Allows sponsoring jurisdiction to establish grant program by adopting ordinance or resolution describing program eligibility requirements, including requirements in addition to those described in measure. Specifies grant awards may not exceed maximum principal amount of loan for grant award; allows awards to cover eligible project costs incurred up to 12 months prior to local site approval, and does not allow eligible housing project property to receive other exemptions, partial exemptions, or special assessment if receiving grant under provisions of Act. Describes sponsoring jurisdiction and OBDD requirements related to grant program application development, review, approval, and loan repayment process. Directs, among other grant agreement obligations, sponsoring jurisdiction to request necessary information from county tax officers to determine maximum principal amount of loan that may be made to the sponsoring jurisdiction. Describes responsibilities of sponsoring jurisdiction in determining a property's assessed value, subtracting the amount of fire district taxes assessed against the tax account containing the eligible project property, and calculating annual fee charged to developer. Directs county assessor to exempt eligible housing project properties, and to provide estimate to OBDD on property taxes that would have been collected if property were not exempt. Describes terms of disqualification from exemption. Directs sponsoring jurisdictions to notify OBDD of annual fees collected for eligible housing projects. Requires OBDD to aggregate and notify county tax officers of total fees for eligible housing projects located in the county for the current assessment year, and to distribute fee moneys to respective fire districts to cover taxes that would have been collected on an eligible housing project property had the property not been exempt. Clarifies other net fees are deposited into Housing Project Revolving Loan Fund. Describes requirements of participating developers in reporting annually to OBDD on eligible housing project status and use of grant moneys. Requires OBDD to report on eligible projects and repayment status of loans to interim committee of Legislative Assembly related to housing no later than September 15 of each year. Clarifies developer is liable for outstanding fee payments for remaining term of loan if project has: not been completed within three years of receipt of grant moneys; changes substantially from application; or developer does not comply with a requirement of the grant agreement. Allows sponsoring jurisdiction to extend timeline for eligible housing project completion. Allows OBDD to impose penalty, not to exceed 20 percent of grant plus interest, against developer for willful falsification or misrepresentation. Establishes Housing Project Revolving Loan Fund within the State Treasury for purpose of making loans to jurisdictions for eligible costs, and

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continuously appropriates funds to OBDD for administering housing project revolving loan program. Appropriates \$300 million to OBDD to carry out provisions of Act. Takes effect on 91st day following adjournment sine die.

### **ISSUES DISCUSSED:**

- Limitations of special districts in raising revenue if property taxes are exempted
- Potential impact on services by fire districts reliant on property tax revenue
- County assessors' responsibilities in relation to tax increment financing
- Amendment provisions account for necessary fire district taxes
- Potential impact to local government funding streams during 10-year exemption period

### **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 approximately 49 percent of this housing will require public subsidy. The department reported in its February 2021 Regional Housing Needs Analysis report that moderate income housing, defined in statute as housing for income levels between 80 percent and 120 percent of area median income, currently comprises 17 percent of housing underproduction in Oregon. Underproduction is attributed to high land and construction costs, inadequate infrastructure, and limited local government capacity.

House Bill 2980 A allocates \$300 million to the Oregon Business Development Department (OBDD) to develop and administer 10-year, interest-free loans to local governments, or "sponsoring jurisdictions," to fund certain costs associated with the construction of eligible housing projects available to households with an income no greater than 120 percent of area median income. The measure describes requirements of sponsoring jurisdictions, county tax assessors, and OBDD in regard to determining and reporting on a property's assessed value, calculating loan terms and applicable fees, and in distributing fee moneys to respective fire districts to cover taxes which would have been collected on an eligible housing project property had the property not been exempt.