SB 31 -1, -2 STAFF MEASURE SUMMARY

Senate Committee On Housing and Development

Prepared By: Kaia Maclaren, LPRO Analyst
Meeting Dates: 3/3

WHAT THE MEASURE DOES:
The measure requires the Housing and Community Services Department to study housing.

Fiscal impact: May have fiscal impact, but no statement yet issued
Revenue impact: May have revenue impact, but no statement yet issued

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:
-1 Replaces the measure. Allows the Housing and Community Services Department (the Department) to award grants to qualified housing sponsors for the purpose of providing one-time sub-grants to tenants whose housing is being withdrawn from affordability-restrictions. Creates the Expiring Affordability Mitigation Tenant Fund for the purpose of holding monies appropriated for the grant program. States that subgrants may not be distributed to grantees until after the affordability-restrictions on their units are withdrawn. Directs the Department to establish a process and criteria for awarding and distributing grant funds, including that:

- Applications may be accepted and reviewed only after the Department has received notice that the affordability-restrictions on a development or unit are ending;
- an application must include the address, owners' name, and number of units in the building which has expiring affordability restrictions;
- the grantee may not award more than one sub-grant any one unit; and
- the sub-grant award may not exceed three times the total monthly rent paid by the applicant under their affordability-restricted rent.

Applicants awarded the subgrant may use the funds for:

- If remaining in the unit, paying the increased rental rate as the unit exists affordability restrictions;
- if moving, for funding the costs of moving, first months rent, security or rental deposits, costs for utility transfers or connections, housing navigation services or other uses established by the Department.

Requires the grant-receiving housing sponsors, no later than five years after the grant award, to provide a report to the Department accounting for how the money was spent and the outcomes associated, and to return any unspent grant money into the Expiring Affordability Mitigation Tenant Fund. Appropriates an unspecified amount into the Expiring Affordability Mitigation Tenant Fund. Declares emergency, effective July 1, 2025.

-2 Replaces the measure. Allows the Housing and Community Services Department (the Department) to award grants to housing authorities, community action agencies, culturally specific or culturally responsive organization and other nonprofit organizations as the Department may deem eligible, for the purpose of providing sub-grants to tenants and their households whose housing is being withdrawn from affordability restrictions. Creates the Expiring Affordability Mitigation Tenant Fund for the purpose of holding monies appropriated for the grant program. States that subgrants may not be distributed to grantees until after the affordability-restrictions on their units are withdrawn. Directs the Department to establish a process and criteria for awarding and distributing grant funds, including that:

- Applications may be accepted and reviewed only after the Department has received notice that the affordability-restrictions on a development or unit are ending;
- an application must include the address, owners' name, and number of units in the building which has expiring affordability restrictions;
- the grantee may not award more than one sub-grant any one unit; and
- the sub-grant award may not exceed three times the total monthly rent paid by the applicant under their affordability-restricted rent, plus the grant recipient's reasonable overhead and costs of grant administration.

Allows tenants and their households who have been awarded the subgrant to use the funds for:
- If remaining in the unit, paying the increased rental rate as the unit exists affordability restrictions;
- if moving, for funding the costs of moving, first months rent, security or rental deposits, costs for utility transfers or connections, housing navigation services or other uses established by the Department in order to maintain or secure housing for the tenant and their household.

Requires the grant-receiving housing sponsors, no later than five years after the grant award, to provide a report to the Department accounting for how the money was spent and the outcomes associated, and to return any unspent grant money into the Expiring Affordability Mitigation Tenant Fund. Appropriates an unspecified amount into the Expiring Affordability Mitigation Tenant Fund. Declares emergency, effective July 1, 2025.

BACKGROUND:

The scarcity of housing in Oregon, driven by underproduction since the financial crisis of 2008 and high population growth (nearly 11% between 2010 and 2020), has led to very little naturally-occurring (which refers to market-rate: without subsidy) affordable housing remaining in Oregon. The mismatch of supply of housing and demand for it has widened the gap between average renter-income and housing costs, such that between 2020 and 2022—according to the State of the State's Housing Report from Oregon Housing and Community Services—an additional $2 of income went towards rent for ever additional $1 wage increase. About one affordable unit now exists for every 4.2 low- and extremely-low-income families in the state. Housing with affordability restrictions provide units to low-income tenants at below-market-rate rents, and include income limits, rent limits based on income, and affordability periods under which they are guaranteed to maintain these restrictions. The restrictions guarantee that rent is kept at no more than 30 percent of a tenant's income, any more than which they are considered "rent-burdened." Tenants are screened for eligibility based on their income as a percentage of AMI, or Area Median Income (in some cases, MFI: Median Family Income).

These restrictions might expire for a variety of reasons: a unit or development previously maintained by an affordable-housing provider may be sold, or transferred to market rate. A development built with Low Income Housing Tax Credit (LIHTC) funds may reach its maturity in which they can transition to market-rate after a mandated-period of affordability. Oregon Housing and Community Services report that 9,582 units will expire in Oregon in the next ten years, and 56,413 have affordability restrictions that are not permanent, and will expire in the future.