

SB 684 -1, -2 STAFF MEASURE SUMMARY

Senate Committee On Housing and Development

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Sub-Referral To: Joint Committee On Ways and Means

Meeting Dates: 3/12

WHAT THE MEASURE DOES:

The measure directs the Housing and Community Services Department to develop a program to allow new project types—mixed-income developments, and developments administered by a local housing authority—to the allowable uses of the Housing Project Revolving Loan Fund.

Detailed Summary:

Directs the Housing and Community Services Department to develop a program, in consultation with local housing authorities, to issue low-interest, short-term loans for the construction of mixed-income developments using funds from the Housing Project Revolving Loan Fund. Adds mixed-income developments to the allowable uses of the Housing Project Revolving Loan Fund. Directs the Housing and Community Services Department to adopt rules to establish eligibility criteria for the program issuing loans for the construction of mixed-income developments and developments administered by a local housing authority. Directs the Housing and Community Services Department to adopt rules requiring that a project receiving loans for these new allowable uses—mixed-income developments and developments administered by a local housing authority—maintain a permanent affordability commitment and an option for public ownership.

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 The amendment removes references to the Housing Project Revolving Loan Fund (section 35, chapter 110, Oregon Laws 2024), and instead directs the Housing and Community Services Department (the Department) to develop a program, in consultation with local housing authorities, to issue low-interest, short-term loans for the construction of mixed-income developments using funds from the Mixed Income Public Development Loan Fund, also created by this amendment. The amendment states that the created program should establish and implement permanent financing loan products to support expanded construction and development of rental housing that serves households at or below 120 percent of Area Median Income (AMI). The amendment directs the Department to adopt rules to establish terms for these loans, and to establish loan eligibility for mixed-income public development projects.

The amendment stipulates that interest earned by the Mixed Income Public Development Fund be credited to the Fund, and that moneys in the Fund be continuously appropriated to the Housing and Community Services Department for the purposes of carrying out loans described in this amendment. The amendment removes references to a public ownership option as a condition of loan eligibility, but maintains the requirement that projects receiving loans maintain a permanent affordability commitment.

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-2 The amendment removes references to the Housing Project Revolving Loan Fund (section 35, chapter 110, Oregon Laws 2024), and instead directs the Housing and Community Services Department (the Department) to implement a program to provide below-market, short-term loans for the construction of mixed-income housing using funds from the Mixed Income Public Development Loan Fund, also created by this amendment. The amendment directs the Department to adopt rules for the developed loans that establish:

- The method by which interest rates and terms are set;
- eligibility criteria;
- the proportion of housing units in the funded project that must be affordable to people earning 80 percent or less of area median income (AMI); and
- The means by which a project receiving a loan will retain their affordability restrictions for at least 90 years. This may include ownership or an ownership interest by a housing authority.

The amendment removes the requirement of a public ownership option as a condition of loan eligibility, but maintains ownership or an ownership interest by a housing authority as an option for long-term (90 year) maintenance of affordability restrictions.

The amendment creates the Mixed Income Public Development Fund (the Fund), and states that moneys in the Fund shall be continuously appropriated to the Housing and Community Services Department for the purposes of carrying out loans described in this amendment. Repayments made on any loan described in the amendment should be deposited into the Fund.

The amendment requires that the Department, by January 1, 2027, in rule, develop and implement lending strategies that can be used to provide permanent, long-term financing for newly-acquired or newly-constructed affordable and mixed-income rental housing. Requires the Department to submit a report on the progress of this rulemaking and recommendations for funding mixed income housing program by September 15, 2026. Defines "mixed income housing" as multifamily housing in which all units are subject to an affordability covenant--some units serving low-income households and all others serving moderate-income households-- for no less than 30 years. The amendment changes the purpose of "mixed income housing" in Oregon Revised Statute (ORS) 456.055 to reducing the rents for tenants at 80 percent of AMI, instead of the previous 60 percent, and adding "meeting the needs of tenants."

The amendment expands the types of mixed income developments that public housing authorities are authorized to finance, develop, own, operate or manage by removing certain requirements of the affordability make-up of the developments.

BACKGROUND:

On January 10, 2023, Governor Kotek issued [Executive Order 23-04](#), which established an annual housing production target of 36,000 homes in Oregon, and which established the [Governor's Housing Production Advisory Council \(HPAC\)](#), tasked with providing recommendations to achieve the housing production target. The HPAC [final report \(2024\)](#) included recommendations on legislative action to support these housing production targets, many of which were addressed in [Senate Bill 1537 \(2024\)](#), including the Housing Accountability and Production Office, located in the Department of Land Conservation and Development. This bill created the Housing Project Revolving Loan (HPRL) Fund, allowing the Housing and Community Services Department to make loans to local jurisdictions, which in turn makes loans for developers to cover eligible costs. Eligible costs include infrastructure and system development charges, predevelopment costs, and construction costs, among others. Current statute governing the HPRL Fund requires these costs be part of the development of new housing or commercial-to-residential conversions, for households earning 120 percent or less of area median income ([Sections 24-35, chapter 110, Oregon Laws 2024](#)). It does not allow a local housing authority to be the direct administrator of developments that receive loans.