

HB 2964 -3 STAFF MEASURE SUMMARY

House Committee On Housing and Homelessness

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Sub-Referral To: Joint Committee On Ways and Means

Meeting Dates: 3/19

WHAT THE MEASURE DOES:

The measure provides funding to cover early costs for developing affordable housing in Oregon with temporary grant and loan programs. It directs the Housing and Community Services Department to award grants (up to \$200,000 per project) to help nonprofits, tribes, and public entities cover these predevelopment costs. Most grants (80 percent) must go to smaller nonprofits, tribes, local governments, and housing authorities. The measure creates a separate loan fund to provide additional funding for early development costs, with similar eligibility requirements and a maximum loan amount of \$200,000 per project. Loans may be forgiven if the project is found to be unfeasible. The measure also awards a \$250,000 grant to Leaven Community, a nonprofit, to help organizations navigate the process of developing affordable housing. The measure allocates \$10 million for grants, \$10 million for loans, and \$125,000 for outreach.

Detailed Summary:

Definitions

Defines “predevelopment costs” as costs that include, but are not limited to, land surveys, technical site evaluations, assembling finance packages, community engagement efforts to build neighbor or congregation approval, conceptual plan development, traffic studies and soft costs relating to the development including legal fees and market studies.

Grant Program

Directs the Housing and Community Services Department (OHCS) to award grants to be used for the predevelopment costs of developing housing that will be subject to an affordability restriction making the property affordable to rent or own by a low-income household for a minimum period as established by OHCS.

Requires that at least 80 percent of the grants are awarded to public benefit and religious nonprofit corporations in this state with gross receipts in the corporations’ first tax year beginning on or after January 1, 2024, of less than \$10,000,000 for development of projects on land owned by the grantee since at least January 1, 2025; federally recognized Indian tribes operating within this state; local governments; public bodies; housing authorities; or developers who are partnering with any of these entities. Sunsets provision on January 2, 2028.

Prohibits grants awarded from exceeding \$200,000 per residential development.

Directs OHCS to award a grant to Leaven Community, a public benefit corporation, to provide technical assistance and resources, including by making connections to nonprofit corporations that have previously developed affordable housing, to entities that may develop affordable housing. Sunsets provision on January 2, 2028.

Loan Program

Directs OHCS to award loans to be used for the predevelopment costs of developing housing that will be subject to an affordability restriction making the property affordable to rent or own by a low-income household for a minimum period as established by OHCS.

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Requires that at least 80 percent of the loans are awarded to public benefit and religious nonprofit corporations in this state with gross receipts in the corporations' first tax year beginning on or after January 1, 2024, of less than \$10,000,000; federally recognized Indian tribes operating within this state; local governments; public bodies; housing authorities; or developers who are partnering with any of these entities.

Prohibits loans awarded from exceeding \$200,000 per residential development.

Permits OHCS to adopt a process to forgive the repayment of loans if, following the use of the loaned moneys, the borrower reasonably determines that development of the affordable housing is not feasible.

Affordable Housing Predevelopment Loan Fund

Establishes the Affordable Housing Predevelopment Loan Fund and continuously appropriates its funds to OHCS for the eligible costs incurred for administering the loan program.

Specifies that loan proceeds and other funds recovered under the loan program to be paid to OHCS and deposited into the Affordable Housing Predevelopment Loan Fund.

Appropriations and Administration

Appropriates to OHCS the following funds:

- \$10,000,000 for the grant program
- \$10,000,000 to deposit into the Affordable Housing Predevelopment Loan Fund
- \$250,000 to provide a grant to the grant to Leaven Community; and
- \$125,000 to inform eligible organizations about grant and loan programs.

Directs OHCS to develop the grant and loan applications and begin the solicitation of grant or loan applications as quickly as feasible.

Directs OHCS to complete any initial rulemaking to administer the grant loan programs by June 1, 2026.

Declares emergency, effective on passage.

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:

-3 Replaces the measure.

The amendment establishes a grant and loan program under the Oregon Housing and Community Services Department to fund predevelopment costs for new housing projects.

Detailed Summary:

Directs the Housing and Community Services Department (OHCS) to provide grants and loans to cover predevelopment costs for new housing projects.

Defines eligible predevelopment costs as:

- Professional services (architectural, engineering, legal, and land use planning).
- Studies (site feasibility, market, environmental, traffic, land, zoning, geotechnical, and arborist assessments).
- Development fees (entitlement, permitting, and state application fees).
- Community engagement efforts.
- Other related predevelopment expenses that meet OHCS standards.

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Prohibits funds from being used to purchase land.

Specifies new housing eligible for funding:

- has affordability restriction ensuring it remains affordable to rent or own by low-income households for a set period by OHCS.
- is part of a limited equity cooperative.

Limits eligibility to certain entities such as: public benefit or religious nonprofit organizations, federally recognized tribes in Oregon, housing authorities, and developers partnering with one of the above.

Directs OHCS to complete rulemaking to implement the program and develop grant and loan applications by June 1, 2026.

Directs OHCS to integrate the program with the existing Predevelopment Loan Program.

Ends grant and loan program on January 2, 2028.

Declares emergency, effective on passage.

BACKGROUND:

Developing affordable housing in Oregon is a multi-step process that involves securing funding, navigating regulations, and coordinating construction. In the predevelopment phase, developers need to identify land – find a suitable location, often owned by a nonprofit, local government, or housing authority. Then they need to work with neighbors and stakeholders to build support and address concerns. They also need to conduct various site assessments such as surveys, environmental reviews, traffic studies, and legal analyses. Developers need to assemble funding sources, including government grants, loans, tax credits, and private investments. They also need to ensure compliance with city and county zoning laws and obtain necessary building permits. Units must be rented or sold at rates affordable to low-income households. Affordable housing agreements require long-term affordability, typically for 30-60 years, with ongoing oversight from OHCS or local agencies.