

SB 829 -1, -2 STAFF MEASURE SUMMARY

Senate Committee On Housing and Development

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Meeting Dates: 3/26, 3/31, 4/2

WHAT THE MEASURE DOES:

The measure directs the Department of Consumer and Business Services to study affordable housing.

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

Revenue impact: No revenue impact.

ISSUES DISCUSSED:

- Trends over time of the cost of property insurance premiums
- Trends over time of minimum deductibles of property insurance
- Oregon's reinsurance resources

EFFECT OF AMENDMENT:

-1 Replaces the measure.

The amendment establishes the Affordable Housing Insurance Program (the Program) at the Department of Consumer and Business Services for the purpose of mitigating the costs of property insurance premiums for eligible entities. The amendment establishes eligibility for the Program, constructs Program functions, outlines rulemaking authority, and directs the department to submit reports. The amendment establishes the Affordable Housing Premium Assistance Fund.

Detailed Summary:

Establishes the Affordable Housing Insurance Program (the Program) at the Department of Consumer and Business Services (DCBS) for the purpose of mitigating the costs of property insurance premiums for eligible entities on particular properties that they own or operate. An entity eligible for the Program is a public, private, or nonprofit entity that pays insurance premiums for property insurance on property that the entity owns or operates. Property eligible for the program includes:

- affordable housing subject to regulation under the laws of Oregon;
- shelter facilities;
- Project Turnkey sites; and
- navigation centers.

Requires that eligible entities engaged in the Program purchase and maintain property insurance and liability insurance on the eligible property, and that the entity make payments for a portion of the premium. Authorizes the Program to make payments to eligible entities as a premium-offset tool.

Directs DCBS to consult with the Housing and Community Services Department to adopt rules to implement the Program, including:

- specific eligibility criteria for entities;
- the application process for participation in the Program;
- criteria for prioritization among eligible entities;
- a waitlist for eligible entities with lower priority;
- the amount, manner, and frequency of payments to eligible entities; and

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- metrics for measuring the success of the Program at increasing property and liability insurance coverage and affordability for entities involved in the Program.

Directs DCBS to submit, by December 15th of each year, a report to an interim committee of the Legislative Assembly related to housing outlining the relative success of the Program as measured by the metrics set out in rule.

Establishes the Affordable Housing Premium Assistance Fund (the Fund), and designates it the sole provider of moneys for the Program.

Directs DCBS to study, and report back to an interim committee of the Legislative Assembly on housing no later than December 15th of each year:

- the feasibility of creating and operating a state reinsurance program, or other potential solutions in support of price stability in the multifamily housing insurance market, including an analysis of commercial and surplus lines product offerings; and
- a summary of known commercial, surplus lines and Oregon FAIR Plan Association coverages available for purchase on the market.

Allows DCBS, in consultation with the Surplus Line Association of Oregon, to publish a list of insurance coverages in Oregon generally unavailable in the authorized insurance market. Allows an agent or producer to place these coverages directly with a surplus lines carrier.

Declares an emergency, effective on passage. Sunsets the Program and the Fund on December 31, 2028.

-2 Replaces the measure.

Updates the -1 amendment by clarifying that "affordable housing" as used in the measure is defined by Oregon Revised Statutes (ORS) 197A.445.

Appropriates \$5 million for the biennium beginning July 1, 2025 to the Department of Consumer and Business Services for deposit into the Affordable Housing Insurance Program.

BACKGROUND:

According to the [Novogradac 2023 Low-Income Housing Tax Credit Income and Operating Expenses Report](#), property insurance expenses for affordable housing providers increased between 9.6% and 33.5% annually over the four years from 2018 through 2021, with the steep 33.5% increase occurring in 2021. Of all of the expense categories that this industry group studied, insurance expenses saw the highest compound annual growth rate between 2010 and 2022, at about 7.7%. The general growth in property insurance expenses over the past five years can be attributed to a variety of factors, including weather-related catastrophes, rising value of insurable properties due to increasing labor and supply costs, and insurance companies pulling out of high-cost areas, reducing competition.

The [Oregon FAIR Plan Association](#) was set up to stabilize and make available property insurance across the state of Oregon. Established by the legislature in 1971 and governed by [Oregon Revised Statute \(ORS\) 735.005-735.145](#), it is a non-profit entity whose members are insurance companies licensed to write property insurance in Oregon, every one of which is required to be a member. The Association makes essential property insurance available when property owners are unable to secure coverage through normal insurance markets, and assures stability in the market by distributing responsibility among all authorized insurers. The [Oregon Surplus Line Association](#) was established in 1939, governed by [ORS 735.400-735.495](#), to provide coverage for risks that standard insurance companies won't or can insure.