

## **HB 2964 -5 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, 4/7

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#### **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.

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:**

-5 The amendment replaces the measure and creates a dedicated loan program to fund the predevelopment costs of new housing projects and requires new housing to remain affordable for low-income households.

#### Detailed Summary:

Directs the Housing and Community Services Department (OHCS) to award loans for covering the predevelopment costs associated with developing new housing.

Specifies that said loans may be used to cover expenses such as:

- Professional services: architectural, engineering, land use planning, or legal services.
- Studies: site feasibility, market, environmental, traffic, land, zoning, geotechnical, arborist, or capital needs assessments.
- Development fees: entitlement, permitting, or state application fees.
- Community engagement efforts.

- Any additional costs that can be directly linked to specific development projects and meet departmental standards.

Prohibits loan funds from being used for the purchase of land.

Requires that the new housing needs to be subject to an affordability restriction that makes the property affordable for renting or owning by low-income households for a minimum period set by the department; and may include housing that is developed as part of a limited equity cooperative.

Restricts eligibility to recipient entities that are:

- Public benefit or religious nonprofit corporations.
- Federally recognized Indian tribes operating within the state.
- Housing authorities.
- Developers who are partnering with one of the above entities.

Directs OHCS to complete its initial rulemaking and develop the loan applications by June 1, 2026.

Directs OHCS to integrate existing predevelopment loan programs, including the Predevelopment Loan Program but excluding any program for agricultural workforce housing, in developing rules and implementing the new loan program.

**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.