

SB 684 -1, -2, -4 STAFF MEASURE SUMMARY

Senate Committee On Housing and Development

Prepared By: Kaia Maclaren, LPRO Analyst

Sub-Referral To: Joint Committee On Ways and Means

Meeting Dates: 3/12, 4/7

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 (OHCS) 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 OHCS 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 OHCS 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:

- Current high interest rates, especially for construction-phase loans, a barrier to construction
- Low-Income Housing Tax Credit (LIHTC) overprescribed
- Function of revolving loan funds
- Models in other parts of the country for revolving loan funds for construction, without using LIHTC funds
- Housing-providing function of Housing Authorities

EFFECT OF AMENDMENT:

-1 This amendment replaces the Housing Project Revolving Loan Fund with the newly created Mixed Income Public Development Loan Fund to provide low-interest, short-term loans for mixed-income housing developments. It also establishes rules for loan terms and eligibility.

Detailed Summary:

Removes references to the Housing Project Revolving Loan Fund. Creates the Mixed Income Public Development Loan Fund, and 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 Fund. Requires program to 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). Directs the Department to adopt rules to establish terms for these loans, and to establish loan eligibility for mixed-income public development projects.

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Specifies that interest earned by the Mixed Income Public Development Fund be credited to the Fund. Appropriates moneys in the Fund to the Housing and Community Services Department for the purposes of carrying out loan program continuously. Removes references to a public ownership option as a condition of loan eligibility.

-2 Replaces the measure.

The amendment creates a new loan program to support mixed-income housing construction, replacing a previous fund. It establishes a dedicated funding source, the Mixed Income Public Development Fund, and sets rules for loan eligibility, interest rates, and affordability requirements. Projects receiving loans must keep affordability restrictions for at least 90 years, with ownership by a housing authority as one option. The amendment also directs the Housing and Community Services Department to develop long-term financing strategies by 2027 and expands the role of public housing authorities in mixed-income developments.

Detailed Summary:

Establishes the Mixed Income Public Development Loan Fund.

Directs OHCS to create 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.

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 (may include ownership or an ownership interest by a housing authority).

Provides ownership or an ownership interest by a housing authority as an option for long-term (90 year) maintenance of affordability restrictions.

Specifies that moneys in the Mixed Income Public Development Loan Fund are continuously appropriated to the Housing and Community Services Department for the purposes of carrying out loan program.

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. Changes the purpose of "mixed income housing" as reducing the rents for tenants at 80 percent of AMI, instead of the previous 60 percent, and adding "meeting the needs of tenants."

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.

-4 Replaces the measure.

The amendment creates a new loan program to support construction and acquisition of mixed-income housing. It establishes a dedicated funding source, the Mixed Income Public Development Fund, and directs the Housing and Community Services Department to set rules and terms for the program. Projects receiving loans must keep affordability restrictions for at least 90 years, with ownership by a housing authority as one option. The amendment also directs the Housing and Community Services Department to develop long-term financing strategies by 2027 and expands the role of public housing authorities in mixed-income developments.

Detailed Summary:

Establishes the Mixed Income Public Development Loan Fund.

Directs the Housing and Community Services Department (the Department) to create a program to provide below-market, short-term loans for the construction and acquisition of multifamily mixed-income housing using funds from the Mixed Income Public Development Loan Fund.

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 (may include ownership or an ownership interest by a housing authority).

Provides ownership or an ownership interest by a housing authority as an option for long-term (90 year) maintenance of affordability restrictions.

Specifies that moneys in the Mixed Income Public Development Loan Fund are continuously appropriated to the Housing and Community Services Department for the purposes of carrying out loan program.

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 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. Changes the purpose of "mixed income housing" as reducing the rents for tenants at 80 percent of AMI, instead of the previous 60 percent, and adding "meeting the needs of tenants." Defines "residential housing" as containing units for persons or families of lower or moderate incomes, and undertaken primarily to provide dwelling accommodations.

Expands the types of property that a housing authority is authorized to own, manage, direct, or lease to include mixed-income housing. Removes the requirement that a public housing authority must adopt a resolution declaring the need for additional housing before they are authorized to finance, develop, own, operate or manage a mixed-income housing development. Allows OHCS to establish in rule a minimum percentage of low-income units in their housing projects.

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.

Multifamily housing is defined in Oregon Law (ORS 456.717) to mean projects which provide four or more living units, which may provide common spaces for use by the occupants in social and recreational activities. It may include such other nonhousing facilities that the Department determines will improve the quality of the housing and the financial feasibility of the project, provided that not more than 50 percent of the total amount of financing provided by the department for a particular multifamily housing project be used for nonhousing facilities.