

HB 3035 A STAFF MEASURE SUMMARY

Senate Committee On Housing and Development

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Meeting Dates: 4/28, 5/5

WHAT THE MEASURE DOES:

The measure requires the Housing and Community Services Department to set household income limits for those benefiting from residential housing developed for homeownership that is financed solely or in part by the department. The measure removes the limit on how much can be borrowed to fix or improve a single-family home for low-income households, and updates the definitions of "residential housing" and "dwelling accommodations." It expands the meaning of "residential loan" to include refinancing, even if the original loan wasn't from the department, and in doing so allows OHCS to refinance home loans.

Detailed Summary:

Housing Programs

- Requires the Oregon Housing and Community Services (OHCS) Department to establish maximum household income limits for residential homeownership financed in whole or in part by OHCS.

Loan Authority of OHCS

- Removes cap on maximum principal amount of a single loan for rehabilitation or improvement of existing single-family homes for persons and families of lower income.

Definitions

- Modifies "residential housing" definition to include "dwelling accommodations" and defines "dwelling accommodations" as including:
- Expands the definition of "residential loan" to include refinancing a loan that meets specific criteria, whether or not the original loan was made by the department.

Role of OHCS

- Adds refinancing to purposes for which OHCS may make or participate in the making of residential loans.

Fiscal impact: Minimal fiscal impact

Revenue impact: No revenue impact

HOUSE VOTE: Ayes, 48; Nays, 3

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Oregon Housing and Community Services (OHCS) is Oregon's housing finance agency, responsible for program support and for distributing and overseeing funds provided by the State of Oregon. OHCS runs or oversees a variety of housing-stability programs, housing assistance for both renter and homeowners, development

financing, and homelessness prevention, among others. The Homeownership Division is dedicated to helping low- and moderate-income Oregonians achieve and maintain homeownership. It is organized into four areas that work together to widen access to affordable home options:

- Homeownership Programs
- Manufactured & Marina Communities
- Homeowner Assistance
- Homeownership Lending

These areas provide services such as

- competitive market-rate mortgages,
- down payment assistance,
- pre-purchase education, and
- personalized counseling.

They also support long-term homeownership by offering

- ongoing education,
- foreclosure prevention counseling,
- mediation services,
- funding for necessary repairs, and
- specialized resources for manufactured housing.

Introduced in 2018, Flex Lending is a program designed to expand homeownership opportunities. This initiative provides two loan options—FirstHome (2023) and NextStep (2024)—through a network of approved lenders across the state.

- FirstHome is a fixed-rate mortgage tailored for individuals purchasing their first home. It can be paired with down payment assistance (DPA) of either 4 or 5 percent, offered as a silent or repayable second mortgage. These funds can be applied toward both down payment costs and closing expenses, including prepaid items. Eligibility is determined by county-specific income limits and total household income.
- NextStep, another fixed-rate mortgage, is designed for individuals who have previously owned a home. Like FirstHome, it can be combined with DPA at either 4 or 5 percent, which can be used for down payment and closing costs. However, NextStep has an income cap of \$125,000, based on the borrower's qualifying income for the loan.