

HB 3589 A STAFF MEASURE SUMMARY

House Committee On Housing and Homelessness

Action Date: 03/17/25

Action: Do pass with amendments. Refer to Revenue by prior reference, then to Ways and Means. (Printed A-Eng.)

Vote: 12-0-0-0

Yeas: 12 - Andersen, Breese-Iverson, Dobson, Edwards, Fragala, Gamba, Helfrich, Javadi, Levy E, Mannix, Marsh, Sosa

Fiscal: Fiscal impact issued

Revenue: Revenue impact issued

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Meeting Dates: 3/5, 3/17

WHAT THE MEASURE DOES:

The measure establishes a senior housing development initiative and directs the Oregon Housing and Community Services Department (OHCS) to administer it. It transfers \$24,000,000 from the Senior Property Tax Deferral Revolving Account to OHCS for the development, rehabilitation, or preservation of housing and related technical assistance under the senior housing development initiative.

Detailed Summary:

- Directs the Oregon Housing and Community Services Department (OHCS) to establish and maintain a senior housing development initiative to incentivize housing targeted to older adults and persons with disabilities, including housing that prioritizes visitability and accessibility, but not including housing providing care.
- Requires OHCS to make state and federal resources available for the development, rehabilitation, and preservation of housing for older adults and persons with disabilities and leveraging existing moneys to increase development, redevelopment, and preservation opportunities.
- Requires OHCS to provide technical assistance to developers, affordable housing and service providers, planners, stakeholders, and local governments to support housing location, design, development, and the delivery of home and community-based services for older adults, and to help ensure housing developments meet the needs of older adults to age well in their homes and communities through housing that enables choice, safety and physical accessibility.
- Requires OHCS to provide regular public updates and track goals and progress of affordable housing for seniors and persons with disabilities, in coordination with the department's housing equity indicators.
- Permits OHCS to contract with a public or private provider for the administration of the senior housing development initiative.
- Transfers \$24,000,000 from the Senior Property Tax Deferral Revolving Account to the General Fund on the effective date of the measure.
- Appropriates \$23,500,000 to OHCS for the development, rehabilitation, or preservation of housing under the senior housing development initiative, and \$500,000 to provide technical assistance.
- Directs the Department of Revenue (DOR) to estimate, by December 31 of each year, the amount required to be maintained in the Senior Property Tax Deferral Revolving Account to fund the obligations for the following year, with the first estimate starting January 1, 2027. Sunsets these provisions on July 1, 2031.
- Requires DOR to assume that the obligations will equal the payments and administrative costs that were made in the highest year over a 10-year look-back period, as adjusted for the current composition of payments and population, and for any estimate to be based on certain reasonable conditions with respect to the solvency of the account.
- Directs DOR to transfer the positive difference between the amount in the account on the date of estimation and the estimated obligations to OHCS to implement the senior housing development initiative, by January 31

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of the year for which an estimate is made and at least 14 days after providing notice to the Legislative Revenue Officer of the proposed transfer.

- Specifies that projects funded by the Elderly and Disabled Housing Fund are eligible for affordable housing tax credits.

ISSUES DISCUSSED:

- Recommendations from legislative workgroup on Senior Housing
- Property Tax Deferral Fund analysis of available funds
- Healthy Homes program and applicability
- Appropriation of funds and annual solvency analysis of the Property Tax Deferral Fund
- Income decline factors for older adults
- Senior population growth in Oregon and population rectangularization
- Data on the number of accessible units available in Oregon and cost increase of building accessible units

EFFECT OF AMENDMENT:

The amendment diverts less funding from the Senior Property Tax Deferral Revolving Account and eliminates the dedicated funds for accessibility modifications. The amendment also modifies the estimation method for excess deferral funds and requires Legislative Revenue Officer notification before any transfer.

Detailed Summary:

- Transfers \$24,000,000 instead of \$27,000,000 from the Senior Property Tax Deferral Revolving Account (the account) to the General Fund.
- Changes funding distribution by directing \$23,500,000 to the General Housing Account.
- Eliminates the \$3,000,000 designated for accessibility modifications.
- Removes requirement for the Housing and Community Services Department to coordinate with the Oregon Health Authority in operating the Healthy Homes Program.
- Refines the estimation method for the required funds for the Senior Property Tax Deferral Revolving Account to adjust for the current composition of payments and population and certain reasonable conditions with respect to the solvency of the account.
- Adds that the Legislative Revenue Officer must be notified at least 14 days before any transfer and changes the due date of transfer to January 31.

BACKGROUND:

The Senior Property Tax Deferral Revolving Account is a fund established by the State of Oregon to assist eligible senior and disabled homeowners in deferring their property taxes. Administered by the Oregon Department of Revenue, this account covers property taxes on behalf of qualified participants, allowing them to postpone tax payments until certain events occur, such as the sale of the property or the homeowner's passing. The deferred taxes accrue simple interest at an annual rate of 6 percent. Repayments, including interest, replenish the revolving account, ensuring its sustainability. If the account lacks sufficient funds to cover deferred taxes, the State Treasurer, serving as the investment officer for the Oregon Investment Council, may lend the necessary amounts to the Department of Revenue to fulfill payment obligations.

The Elderly and Disabled Housing Fund is a special fund established in the Oregon State Treasury, separate from the General Fund, as per Oregon Revised Statutes (ORS) 456.535. This fund is primarily financed through the proceeds from specific bond issues and is continuously appropriated to the Housing and Community Services Department (OHCS). OHCS administers the fund, utilizing it to finance multifamily housing projects tailored for elderly households, persons with disabilities, their family members, and other necessary occupants who support the residents or maintain the housing. OHCS, with the concurrence of the Oregon Housing Stability Council, adopts criteria to ensure that health, mental health, and other supportive services are available to occupants, either onsite or within the community. Additionally, the fund may support the purchase of ownership interests within multifamily structures by elderly households, adhering to income restrictions outlined in ORS 456.620(4).