



Legislative Fiscal Office  
 83<sup>rd</sup> Oregon Legislative Assembly  
 2025 Regular Session

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 Date: March 31, 2025

**Bill Title:** Relating to expanding the supply of affordable housing; prescribing an effective date.

**Government Unit(s) Affected:** Counties, Housing and Community Services Department

**Summary of Fiscal Impact**

2025-27 Biennium	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds	Positions	FTE
Housing and Community Services Department	\$ 10,000,000	\$ -	\$ -	\$ -	\$ 10,000,000	1	0.75
<b>Total Fiscal Impact</b>	<b>\$ 10,000,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,000,000</b>	<b>1</b>	<b>0.75</b>

2027-29 Biennium	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds	Positions	FTE
Housing and Community Services Department	\$ -	\$ -	\$ 320,212	\$ -	\$ 320,212	1	1.00
<b>Total Fiscal Impact</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 320,212</b>	<b>\$ -</b>	<b>\$ 320,212</b>	<b>1</b>	<b>1.00</b>

- The fiscal impact does not include duplicative Other Funds expenditure limitation necessary to expend General Fund revenue deposited by the measure into the Auxiliary Dwelling Unit Fund. Additional Other Funds expenditure limitation will be needed to properly budget for the impact of the measure if it is adopted.

**Measure Description**

The measure directs the Housing and Community Services Department (HCSD) to establish and administer a pilot program to expand affordable housing in Oregon by awarding grants to counties to develop a home modification program by which the county provides funds to homeowners to develop and rent auxiliary dwelling units. To be eligible for this pilot program, counties must apply to HCSD and agree to establish a home modification program, among other criteria. HCSD shall issue grants to 10 or fewer eligible counties; each grant may not exceed \$1 million. Counties shall in turn provide grants to eligible homeowners not exceeding \$20,000 per single-family dwelling. Counties may use up to \$50,000 of a grant award on administrative costs for the proposed pilot program.

To be eligible for a home modification program grant, homeowners must apply to the county and must agree to specified criteria, including renting the developed auxiliary dwelling unit to someone other than family for 60 months at no higher than the market rate determined by the county; and verifying that that the property is either within the urban growth boundary or an area zoned for rural residential use. Within seven years after receiving a home modification program grant, a homeowner shall reimburse the county a prorated amount of the grant based on the number of months the auxiliary dwelling unit was not rented, or the owner did not reside in the single-family dwelling as a primary residence.

The measure establishes the Auxiliary Dwelling Unit Fund, which is continuously appropriated to HCSD to provide grants to counties under the proposed pilot program. The measure appropriates \$10 million General Fund to HCSD in the 2025-27 biennium for deposit in the Auxiliary Dwelling Unit Fund to carry out the proposed home modification grant pilot program.

**Fiscal Analysis**

The fiscal impact of the measure is \$10 million General Fund and one position (0.75 FTE) in the 2025-27 biennium. In addition, because the measure deposits the \$10 million into the Auxiliary Dwelling Unit Fund, HCSD will need \$10 million Other Funds expenditure limitation in the 2025-27 biennium to make grants to 10 or fewer eligible counties and cover administrative costs.

HCSD will need one permanent, full-time Program Analyst 4 (0.75 FTE) position to manage the program, including developing the application process, overseeing internal procurement services, and providing technical assistance to counties that receive grants. The estimated cost of the position, including position-related services and supplies, \$243,494 in the 2025-27 biennium and \$320,212 in the 2027-29 biennium. HCSD will also incur an estimated \$50,000 in the 2025-27 biennium in legal costs to develop interagency agreements with the 10 or fewer counties participating in the pilot program. HCSD will distribute the remaining \$9.4 million as grants to the counties.

Given that the pilot program is an optional program and allows counties only to use up to \$50,000 of a grant award on administrative costs, the measure is anticipated to have a minimal fiscal impact on the participating counties. The measure also requires certain homeowners to reimburse a participating county on a prorated basis within seven years of receiving a grant, which may increase a county's legal costs if the homeowner fails to reimburse the county.

**Relevant Dates**

The measure takes effect 91 days after adjournment sine die.

For purposes of calculating a single-family dwelling's maximum assessed value or real market value, an auxiliary dwelling under is not considered a new property or new improvement, without regard to the cost or value of the improvement. This applies to auxiliary dwelling units developed during assessment years between January 1, 2026, and January 1, 2032.

The home modification pilot program established by this measure and the Auxiliary Dwelling Unit Fund both sunset on January 2, 2034. Any unobligated moneys in the fund will revert to the General Fund for general government purposes on January 2, 2034.