

SB 684 A STAFF MEASURE SUMMARY**Senate Committee On Housing and Development****Action Date:** 04/07/25**Action:** Do pass with amendments. Refer to Finance and Revenue then to Ways and Means by prior reference. (Printed A-Eng.)**Vote:** 3-2-0-0**Yeas:** 3 - Broadman, Patterson, Pham**Nays:** 2 - Anderson, Nash**Fiscal:** Fiscal impact issued**Revenue:** Revenue impact issued**Prepared By:** Kaia Maclaren, LPRO Analyst**Meeting Dates:** 3/12, 4/7**WHAT THE MEASURE DOES:**

The measure creates a new loan program to support the construction and acquisition of mixed-income housing and establishes a dedicated funding source for the program: the Mixed Income Public Development Fund. The measure directs the Housing and Community Services Department to set rules and terms for the program and requires projects receiving loans to keep their affordability restrictions for at least 90 years, with ownership by a housing authority as one option. The measure 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:**Short-Term Loan Program and the Mixed Income Public Development Loan Fund**

- Establishes the Mixed Income Public Development Loan Fund.
- Directs the Housing and Community Services Department (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 Department for the purposes of carrying out loan program.

Long-Term Financing Strategies and Reporting Requirements

- Requires the Department to develop and implement, in rule, lending strategies to provide permanent, long-term financing for rental housing by January 1, 2027. 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.

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- 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. Expands the purpose of "mixed income housing" to meet the housing needs of tenants and to reduce the rents for tenants at 80 percent of AMI, instead of the previous 60 percent.
- Modifies the definition of "residential housing" and "residential loan"
- 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.

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:

Replaces the measure.

BACKGROUND:

A revolving loan fund (RLF) is a tool to provide financing for projects that may require large amounts of capital. The fund is established through an initial investment and is continuously funded by the repayments and interest earned that are reinvested back into the fund to issue new loans, creating a self-sustaining cycle of financing. There are several RLFs in operation that have been established by the Oregon Legislature, including the Oregon Port Revolving Fund, Safe Drinking Water Revolving Loan Fund (a Federal/State partnership), Oregon Business Development Fund, and the [Moderate Income Revolving Loan Fund \(MIRL\)](#). The MIRL Fund was created by [Senate Bill 1537 \(2024\)](#) to allow Oregon Housing and Community Services to provide zero-interest loans to cities and counties for developing new housing units. This fund makes loans to sponsoring jurisdictions, rather than directly to entities developing housing, and 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 that 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 Housing and Community Services 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 is used for nonhousing facilities.

Background section corrected 4/17/2025