

HB 2964 A STAFF MEASURE SUMMARY
Senate Committee On Housing and Development

Carrier: Sen. Patterson

Action Date: 05/21/25

Action: Do pass the A-Eng bill.

Vote: 5-0-0-0

Yeas: 5 - Anderson, Broadman, Nash, Patterson, Pham

Fiscal: Has minimal fiscal impact

Revenue: No revenue impact

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Meeting Dates: 5/14, 5/21

WHAT THE MEASURE DOES:

The measure directs the Housing and Community Services Department to award loans to fund the predevelopment costs associated with the development of new affordable housing.

Detailed Summary:

Predevelopment Loans

Directs the Oregon Housing and Community Services (OHCS) Department to award loans to fund the predevelopment costs associated with developing new affordable housing.

Specifies that loans may be used to cover expenses such as:

- professional services: architectural, engineering, land use planning, or legal services;
- studies relating to site feasibility, market, environmental, traffic, land, zoning, geotechnical, arborist, or capital needs assessments;
- development fees relating to entitlement, permitting, or state application fees;
- community engagement efforts; and
- any additional costs that can be directly linked to specific development projects and meet departmental standards.

Prohibits loan funds from being used for the purchase of land.

Requires that the new housing be subject to affordability restrictions that make the property affordable for renting or owning by low-income households for a minimum period, either as set by OHCS or by being developed as part of a limited equity cooperative.

Restricts eligibility to recipient entities that are:

- public benefit or religious nonprofit corporations;
- federally recognized Indian Tribes operating within the state;
- housing authorities; or
- developers who are partnering with one of the above entities.

Implementation and Coordination

Directs OHCS to complete its initial rulemaking for the loan program and develop the loan applications by June 1, 2026.

Directs OHCS, in developing rules and implementing the new loan program, to combine the program with existing predevelopment loan programs, including the Predevelopment Loan Program, but excluding any program for agricultural workforce housing.

Declares emergency, effective on passage.

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ISSUES DISCUSSED:

- Eligibility requirements and funds for the existing Oregon Housing and Community Services (OHCS) Housing Predevelopment Loan Program (OAR 813-038)
- Eligibility requirements and existing resources in the OHCS Project Feasibility Fund
- OHCS administrative capacity and the fiscal impact of the measure
- Process for paying back the loans issued by this program, and situations under which loans are forgiven
- Average costs of predevelopment and maximum loan amount per project

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Developing affordable housing in Oregon is a multi-step process that involves securing funding, navigating regulations, and coordinating construction. In the predevelopment phase, developers need to identify land – find a suitable location, often owned by a nonprofit, local government, or housing authority. They also need to conduct various site assessments such as surveys, environmental reviews, traffic studies, and legal analyses. Developers need to assemble funding sources, including government grants, loans, tax credits, and private investments. They also need to ensure compliance with city and county zoning laws and obtain necessary building permits. Units must be rented or sold at rates affordable to low-income households. Affordable housing agreements require long-term affordability, typically for 30-60 years, with ongoing oversight from the Oregon Housing and Community Services (OHCS) Department or local agencies. A Limited Equity Cooperative is a homeownership model designed to maintain long-term affordability, in which residents purchase a share in the development, rather than an individual unit or dwelling, and the resale value of those shares is limited to prevent excessive appreciation. The limited equity aspect ensures affordability for future residents while allowing members a modest return on their investment.

OHCS runs a predevelopment loan program as outlined [in Oregon Administrative Rule 813-038](#). It is broken down into two loan programs, the Predevelopment Loan Program (PDLP) and the Project Feasibility Loan Program (PFLP). The purpose of the Predevelopment Loan Program (PDLP) is to maintain access to development resources for nonprofit and/or culturally specific developers; the purpose of the Project Feasibility Loan Program (PFLP) is to assist eligible organizations with early costs associated with determining if a speculative housing project is feasible. The PDLP is [temporarily closed](#) to new applications as of April 2, 2025, due to diminished funds, and will re-open when loan repayment into the fund brings the account balance back to at least \$1.5 million. This closure has not affected the PFLP fund.