

B-Engrossed House Bill 3145

Ordered by the House June 25
Including House Amendments dated March 28 and June 25

Sponsored by Representative MARSH, Senator ANDERSON, Representatives DIEHL, BOWMAN, GAMBA; Representatives ANDERSEN, DOBSON, FRAGALA, LEVY E, MANNIX, PHAM H, Senator TAYLOR (Presession filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: This Act lets OHCS use LIFT money for prefab homes and makes OHCS hire a contractor to support the prefab home industry. (Flesch Readability Score: 69.1).

Allows the Housing and Community Services Department to use Local Innovation and Fast Track Housing Program Fund moneys for factory-built housing. Requires the department to hire a contractor to support the factory-built housing industry. Requires the department to report on outcomes to the interim committees of the Legislative Assembly related to housing by September 15, 2027.

Sunsets January 2, 2028.

Takes effect on the 91st day following adjournment sine die.

A BILL FOR AN ACT

Relating to factory-produced housing; and prescribing an effective date.

Be It Enacted by the People of the State of Oregon:

SECTION 1. Sections 2 to 5 of this 2025 Act are added to and made a part of ORS 458.480 to 458.490.

SECTION 2. (1) As used in sections 2 to 5 of this 2025 Act, "factory-produced housing" means housing that is produced through off-site construction of the housing or housing components, and that includes manufactured dwellings, as defined in ORS 446.003, prefabricated structures, as defined in ORS 197A.015, or other types of housing developed through volumetric modular, panelized modular or other modular components.

(2) The Housing and Community Services Department shall use moneys available in the Local Innovation and Fast Track Housing Program Fund to provide funding to acquire or construct factory-produced housing for low income households consistent with the requirements of ORS 458.480 to 458.490.

(3) The department may provide funding for up to five separate recipients or locations under this section.

(4) In awarding funding under this section, in addition to applying criteria adopted under ORS 458.485 (4)(a), the department may give preference to funding housing that:

(a) Uses Oregon-based developers;

(b) Is geographically diverse, including coastal and eastern Oregon communities, or is sited in more than one location; or

(c) Uses materials that:

(A) Are nontraditional, including mass timber;

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 (B) Provide energy efficiency, carbon capture or other environmental benefits;

2 (C) Are produced in Oregon; or

3 (D) Are raw materials sourced from Oregon.

4 (5) In developing application criteria or evaluating applications for funding provided under
5 this section, the department shall consult with the advisory committee under section 4 (2)(a)
6 of this 2025 Act and not the Oregon Housing Stability Council, notwithstanding ORS 458.485
7 (1).

8 (6) Recipients of funding under this section must cooperate with the department and the
9 contractor described in section 4 of this 2025 Act in preparing the report required under
10 section 5 of this 2025 Act.

11 **SECTION 3.** (1) In addition to the uses allowed under ORS 458.490 (3), moneys in the
12 Local Innovation and Fast Track Housing Program Fund are continuously appropriated to
13 the Housing and Community Services Department to take actions under section 2 of this 2025
14 Act.

15 (2) To the extent that moneys are available in the fund and are not otherwise obligated
16 and that eligible applications to provide housing are available for funding, it is intended that,
17 for the biennium beginning July 1, 2025, the amount of \$25,000,000 from the fund be used for
18 purposes described in subsection (1) of this section.

19 **SECTION 4.** (1) The Housing and Community Services Department shall contract with
20 the Network for Oregon Affordable Housing (NOAH) to provide the services described in this
21 section.

22 (2) The contractor under this section shall:

23 (a) Convene a public-private advisory committee to offer input and guidance on project
24 solicitation processes and criteria as outlined in section 2 (5) of this 2025 Act. The committee
25 must include representation from the Department of Land Conservation and Development,
26 the building codes division of the Department of Consumer and Business Services, the
27 Oregon Housing Stability Council and local governments and from private firms and individ-
28 uals with subject matter expertise related to housing development and finance and modular
29 and manufactured housing production and installation.

30 (b) With guidance from the advisory committee, provide the Housing and Community
31 Services Department with recommendations for criteria for selecting projects to receive
32 funding and for evaluating the feasibility and appropriateness of proposals under section 2
33 (5) of this 2025 Act.

34 (c) With input and direction from the advisory committee, arrange for the provision of
35 technical assistance to recipients of funding under section 2 of this 2025 Act as may be
36 needed for the successful implementation of the proposal for developing factory-produced
37 housing, including assistance in the form of navigating regulatory frameworks, accessing
38 interim and long-term financial resources, procuring Oregon-sourced sustainable materials,
39 establishing technical specifications needed for on-site delivery and installation and estab-
40 lishing systems of compliance related to the use of Local Innovation and Fast Track Housing
41 Program Fund moneys.

42 (d) Provide systems for the transfer of knowledge necessary to set the industry up for
43 success beyond the housing developed through the use of moneys under section 2 of this 2025
44 Act.

45 (e) Support industry and consumer awareness by showcasing factory-produced housing

1 in multiple Oregon communities and building a constituency for innovative housing methods
2 and materials.

3 (f) Identify potential sources of ongoing funding to continue the activities under this
4 subsection.

5 (3) The contractor shall create the portions of the report required under section 5 (2) to
6 (4) of this 2025 Act.

7 (4) All agencies of state government, as defined in ORS 174.111, are directed to assist the
8 department and, at the request of the Director of the Housing and Community Services De-
9 partment, the contractor in the performance of the duties of the department and contractor
10 required by sections 2 to 5 of this 2025 Act.

11 **SECTION 5.** On or before September 15, 2027, the Housing and Community Services De-
12 partment shall submit a report in the manner provided by ORS 192.245 to the interim com-
13 mittees of the Legislative Assembly related to housing on:

14 (1) The results and findings of moneys spent under section 2 of this 2025 Act, including
15 information regarding the recipients' direct construction costs and total development costs;

16 (2) The results and findings of the efforts by the recipients of funds under section 2 of
17 this 2025 Act related to barriers overcome, barriers identified and ability to secure additional
18 private debt or equity partnerships;

19 (3) The activities of the contractor under section 4 of this 2025 Act; and

20 (4) Recommendations for legislation or funding to support factory-produced housing
21 within this state.

22 **SECTION 6.** Sections 2 to 5 of this 2025 Act are repealed on January 2, 2028.

23 **SECTION 7.** In addition to and not in lieu of any other appropriation, there is appropri-
24 ated to the Housing and Community Services Department, for the biennium beginning July
25 1, 2025, out of the General Fund, the amount of \$650,000 to implement sections 4 and 5 of this
26 2025 Act.

27 **SECTION 8.** This 2025 Act takes effect on the 91st day after the date on which the 2025
28 regular session of the Eighty-third Legislative Assembly adjourns sine die.