

B-Engrossed House Bill 4036

Ordered by the House March 3
Including House Amendments dated February 12 and March 3

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on Housing and Homelessness for Representative Pam Marsh)

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 sets up a bond fund to preserve low-cost housing and requires OHCS to report on low-cost housing barriers. (Flesch Readability Score: 63.8).

Establishes the Housing Opportunity, Longevity and Durability Fund to deposit Article XI-Q bonds to be used by the Housing and Community Services Department to preserve affordable housing at risk of loss. [*Authorizes the State Treasurer to issue \$100 million in bonds for the fund for the 2025-2027 biennium.*]

Requires the department to, with input from stakeholders, report to the interim committees of the Legislative Assembly relating to housing on or before December 1, 2026, on legal and policy barriers to affordable housing production.

Declares an emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to affordable housing; creating new provisions; amending ORS 456.559 and 456.824; and
3 declaring an emergency.

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

5 **SECTION 1. Section 2 of this 2026 Act is added to and made a part of ORS 456.766 to**
6 **456.828.**

7 **SECTION 2. (1) The Housing Opportunity, Longevity and Durability Fund is established**
8 **in the State Treasury, separate and distinct from the General Fund. Interest earned on**
9 **moneys in the Housing Opportunity, Longevity and Durability Fund shall be credited to the**
10 **fund.**

11 **(2) The fund consists of moneys deposited into the fund from bonds issued by the State**
12 **Treasurer pursuant to ORS 286A.035 for the Housing and Community Services Department**
13 **to be used for affordable housing preservation.**

14 **(3) Moneys in the fund are continuously appropriated to the department to:**

15 **(a) Acquire, construct, remodel, repair, equip or furnish affordable housing at risk of**
16 **loss, as described in ORS 456.824 (2), that is or will be owned or operated, as those terms are**
17 **defined in ORS 458.480, by the State of Oregon for the purpose of providing affordable hous-**
18 **ing;**

19 **(b) Pay the costs incurred by the department to administer the fund; and**

20 **(c) Pay bond-related costs, as defined in ORS 286A.816.**

21 **SECTION 3. On or before December 1, 2026, the Housing and Community Services De-**
22 **partment shall submit a report in the manner provided by ORS 192.245 to the interim com-**
23 **mittees of the Legislative Assembly related to housing that incorporates feedback from key**

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 stakeholders, including affordable housing providers, finance entities and tenant advocates,
2 and that:

3 (1) Evaluates the impact of and offers improvements to any state laws or practices, pol-
4 icies or rules of the department that negatively impact the efficiency, effectiveness and cost
5 of operating affordable housing, including impacts to leasing, screening applicants, filling
6 vacancies, maintaining tenant wait lists, recertifying tenants, conducting inspections, col-
7 lecting rent, managing property and complying with regulations; and

8 (2) Evaluates opportunities to streamline, reduce or eliminate reporting requirements of
9 affordable housing providers for state and federal programs and funding sources that are
10 administered by the department.

11 **SECTION 4.** ORS 456.824 is amended to read:

12 456.824. The Housing and Community Services Department shall establish and maintain an af-
13 fordable housing preservation program to coordinate affordable housing preservation efforts and
14 incentivize the analysis and preservation of affordable housing, including publicly supported housing
15 and manufactured dwelling parks. Under the program, the department shall:

16 (1) Collect and maintain data from local, state and federal sources on affordable housing in this
17 state, including the status of existing affordability restrictions and rental assistance contracts at
18 publicly supported housing.

19 (2) Identify categories of affordable housing at risk of loss, including:

20 (a) Properties with expiring federal rent assistance contracts;

21 (b) Properties with expiring affordability restrictions;

22 (c) Properties with affordability restrictions in [*physical or financial distress*] **financial or**
23 **physical distress, including physical distress that requires rehabilitation, repair or replace-**
24 **ment of such building systems, components or materials that have exceeded, or within a**
25 **reasonable period will exceed, their effective useful lives;** and

26 (d) Manufactured dwelling parks at risk of sale or closure.

27 (3) Take actions to promote housing stability, for residents of:

28 (a) Affordable housing that is at risk of loss or that has been recently lost; or

29 (b) Residents of manufactured dwelling parks or marinas at risk of sale or closure.

30 (4) Establish and periodically update evaluation criteria for affordable housing preservation [*in-*
31 *vestments*].

32 (5) Identify and aggregate available sources of funding, including moneys available from federal
33 and private grants or programs, appropriations by the Legislative Assembly, existing funds of the
34 department or financing available from Article XI-Q bond proceeds under ORS 286A.824 or 458.480
35 to 458.490 **or section 2 of this 2026 Act** or proceeds of other bonds issued by the State Treasurer,
36 and use such sources of funding to implement preservation [*investments for*] **of** affordable housing in
37 accordance with the established evaluation criteria.

38 (6) Regularly analyze operating expenses of the existing portfolio of publicly supported housing
39 that is funded by the department to inform the department's underwriting standards for financing
40 the construction of new and the preservation of existing publicly supported housing and to inform
41 forecasts of preservation funding needs.

42 (7) Regularly update and publish an affordable housing preservation strategy framework report
43 that includes information identified in subsections (1) and (2) of this section and forecasts the fi-
44 nancial need to preserve affordable housing.

45 (8) Execute the duties of the department under ORS 456.766 to 456.828.

1 **SECTION 5.** Notwithstanding any other provision of law, in addition to the amounts ap-
2 propriated by section 1 (3), chapter 584, Oregon Laws 2025, for the biennium ending June 30,
3 2027, as modified by legislative or Emergency Board action, the amount appropriated to the
4 Housing and Community Services Department, for Multifamily Rental Housing Programs, is
5 increased by \$150,000 for the administration of the Housing Opportunity, Longevity and Du-
6 rability Fund established by section 2 of this 2026 Act.

7 **SECTION 6.** Notwithstanding any other law limiting expenditures, the limitation on
8 expenditures established by section 2 (3), chapter 584, Oregon Laws 2025, as the maximum
9 limit for payment of expenses from fees, moneys or other revenues, including Miscellaneous
10 Receipts and federal funds from the United States Department of Housing and Urban Devel-
11 opment for contract services, but excluding lottery funds and federal funds not described in
12 section 2, chapter 584, Oregon Laws 2025, collected or received by the Housing and Commu-
13 nity Services Department, for Multifamily Rental Housing Programs, is increased by \$145,175
14 for the administration of the Housing Opportunity, Longevity and Durability Fund estab-
15 lished by section 2 of this 2026 Act.

16 **SECTION 7.** ORS 456.559 is amended to read:

17 456.559. (1) The Housing and Community Services Department shall:

18 (a) Maintain current housing data and information concerning available programs, status of
19 funding, programs planned or undertaken which might conflict with, overlap, duplicate or supersede
20 other planned or existing programs and call these to the attention of appropriate state agencies,
21 governmental bodies and public or private housing sponsors.

22 (b) Maintain current data on publicly supported housing as provided under ORS 456.824.

23 (c) Provide to appropriate state agencies, governmental bodies and public or private housing
24 sponsors such advisory and educational services as will assist them in the development of housing
25 plans and projects.

26 (d) Subject to the approval of the Oregon Housing Stability Council, make noninterest bearing
27 advances, in accordance with ORS 456.710 and the policies of the department, to qualified nonprofit
28 sponsors for development costs of housing projects until mortgage funds are released to repay the
29 advances as provided in ORS 456.710.

30 (e) Advise and assist appropriate state agencies, governmental bodies and public or private
31 housing sponsors, cities and counties, in all programs and activities which are designed or might
32 tend to fulfill the purposes of ORS 456.548 to 456.828 and ORS chapter 458.

33 (f) Encourage and assist in the planning, development, construction, rehabilitation and conser-
34 vation of dwelling units for persons and families of lower income.

35 (g) Be the central state department to apply for, receive and distribute, on behalf of appropriate
36 state agencies, governmental bodies and public or private housing sponsors in the state, grants, gifts,
37 contributions, loans, credits or assistance from the federal government or any other source for
38 housing programs except when the donor, grantor, or lender of such funds specifically directs some
39 other agency to administer them. Moneys received under this section shall be deposited with the
40 State Treasurer in an account separate and distinct from the General Fund. Interest earned by the
41 account shall be credited to the account.

42 (h) For the purposes of acquiring moneys, credits or other assistance from any agency or
43 instrumentality of the United States or from any public corporation chartered by the United States,
44 comply with any applicable agreements or restrictions for the receipt of such assistance and become
45 a member of any such association or public corporation chartered by the United States.

1 (i) Assist individuals, appropriate state agencies, governmental bodies and public or private
2 housing sponsors through a program which provides housing information, planning, educational
3 services and technical assistance.

4 (j) Comply with the requirements of ORS 443.225 in assisting in the development of any housing
5 for residential care, training or treatment for persons with intellectual or developmental disabilities
6 or mental or emotional disturbances.

7 (2) Except as otherwise provided in ORS 456.625 (7), 456.766 to 456.828, 458.315 (3) and 458.480
8 to 458.490 **and section 2 of this 2026 Act**, the department may not itself develop, construct, reha-
9 bilitate or conserve housing units; and neither the department nor any housing sponsor, including
10 but not limited to any association, corporation, cooperative housing authority or urban renewal
11 agency organized to provide housing and other facilities under ORS 456.548 to 456.828, may own,
12 acquire, construct, purchase, lease, operate or maintain utility facilities, including facilities for the
13 generation of electricity, for the distribution of gas and electricity, and for the conveyance of tele-
14 phone and telegraph messages.

15 (3) In accordance with the provisions of this section and with the advice of the council, the
16 department shall establish statewide priorities for housing programs. State agencies shall coordinate
17 their housing programs with the department. All state agencies intending to apply for federal funds
18 for use in planning, developing or managing housing, or rendering assistance to governmental bodies
19 or sponsors or individuals involved therein shall submit a description of the proposed activity to the
20 department for review not less than 30 days prior to the intended date of submission of the appli-
21 cation to the federal agency. The department shall determine whether the proposal would result in
22 a program that would overlap, duplicate or conflict with any other housing program in the state. If
23 the department finds overlapping or duplication or conflict, it shall recommend modifications in the
24 application. The Oregon Department of Administrative Services shall consider these recommen-
25 dations in making its decision to approve or disapprove the application. The department shall com-
26 plete its review and forward its recommendations within 15 working days after receipt of the
27 notification. Failure of the department to complete the review within that time shall constitute ap-
28 proval of the application by the department.

29 (4) The Director of the Housing and Community Services Department may participate in dis-
30 cussions and deliberations of the council. The director may suggest policies to the council, including
31 those necessary to stimulate and increase the supply of housing for persons and families of lower
32 income.

33 **SECTION 8. This 2026 Act being necessary for the immediate preservation of the public**
34 **peace, health and safety, an emergency is declared to exist, and this 2026 Act takes effect**
35 **on its passage.**

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