

A-Engrossed Senate Bill 1567

Ordered by the Senate February 9
Including Senate Amendments dated February 9

Sponsored by Senators PHAM K, ANDERSON, MEEK, PATTERSON; Senators BROADMAN, FREDERICK, GELSER BLOUIN, GOLDEN, NERON MISLIN, Representatives CHAICHI, CHOTZEN, GAMBA, GOMBERG, JAVADI, MANNIX, MCDONALD, MUNOZ, NELSON, NOSSE, PHAM H, WISE (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 make loans for mixed income housing projects. (Flesch Readability Score: 87.9).

Authorizes the Housing and Community Services Department to fund mixed income housing. Requires the department to develop a mixed income housing loan program. Establishes the Mixed Income Development Loan Fund for such purposes. Requires the department to adopt initial program rules by January 1, 2027.

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

A BILL FOR AN ACT

1
2 Relating to mixed income housing; creating new provisions; amending ORS 456.550, 456.612 and
3 456.620; and prescribing an effective date.

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

5 **SECTION 1. Sections 2 and 3 of this 2026 Act are added to and made a part of ORS 456.548**
6 **to 456.828.**

7 **SECTION 2. (1) As used in this section, "mixed income housing" means multifamily**
8 **housing, as defined in ORS 456.717, that includes both units available at fair market value**
9 **and units restricted for low income households, as defined in ORS 456.270.**

10 **(2) The Housing and Community Services Department shall develop and implement a**
11 **program to provide below-market, short-term loans for the development of mixed income**
12 **housing.**

13 **(3) The department shall adopt rules for loans provided under this section that establish:**

14 **(a) Eligibility criteria;**

15 **(b) The method by which interest rates and terms are set;**

16 **(c) The proportion of housing units that must be restricted units;**

17 **(d) The minimum duration for which restricted units must be affordable, which must be**
18 **at least the term of the loan; and**

19 **(e) The means by which a project that receives a loan described in this section may en-**
20 **sure affordability of restricted units through an affordable housing covenant, as defined in**
21 **ORS 456.270.**

22 **(4) Loans under this section must be made subordinate to any existing or concurrently**
23 **made private loan on the property, unless the private lender agrees otherwise.**

24 **(5) The department shall deposit payments made under this section into the Mixed In-**

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 **come Development Loan Fund under section 3 of this 2026 Act.**

2 **SECTION 3. (1) The Mixed Income Development Loan Fund is established in the State**
3 **Treasury, separate and distinct from the General Fund. Interest earned by the Mixed Income**
4 **Development Loan Fund is credited to the fund.**

5 **(2) The fund consists of:**

6 **(a) Moneys received under section 2 (5) of this 2026 Act;**

7 **(b) Moneys appropriated, allocated, deposited or transferred to the fund by the Legisla-**
8 **tive Assembly;**

9 **(c) Authorized bond proceeds; and**

10 **(d) Moneys from any other source, including from the federal government or local gov-**
11 **ernment.**

12 **(3) Moneys in the fund are continuously appropriated to the Housing and Community**
13 **Services Department to implement this section and section 2 of this 2026 Act.**

14 **SECTION 4. On or before January 1, 2027, the Housing and Community Services Depart-**
15 **ment shall adopt initial rules implementing section 2 of this 2026 Act.**

16 **SECTION 5. ORS 456.550 is amended to read:**

17 456.550. (1) There exists in this state a seriously inadequate supply of and a pressing need for
18 safe and sanitary dwelling accommodations within the financial means of persons and families of
19 lower income, including but not limited to persons and families displaced by the clearing of [*slums*
20 *and*] blighted areas or by other public programs;

21 (2) Private lending institutions have been and will continue to be unable to provide necessary
22 financial support for [*lower income*] housing and the resulting shortage of financing has been in
23 whole or in part responsible for the shortage of lower income housing;

24 (3) It is a valid public purpose to provide for the construction, rehabilitation, purchase, leasing
25 and refinancing of housing for such persons and families who would otherwise be unable to obtain
26 adequate dwelling accommodations which they could afford and to aid in the acquisition of land for
27 present or future developments including such housing accommodations;

28 (4) It is further found that the authority and powers conferred by ORS 456.548 to 456.828 and
29 ORS chapter 458 upon the Housing and Community Services Department and the Director of the
30 Housing and Community Services Department constitute a necessary public program and serve a
31 valid public purpose;

32 (5) To stimulate and increase the supply of housing for persons and families of lower income it
33 is necessary that a central source of housing information, planning, educational services and tech-
34 nical assistance and a revolving fund be established. The Housing and Community Services Depart-
35 ment shall be that central source in this state;

36 (6) It is the policy of this state to increase the amount of and improve the condition of low and
37 moderate income housing by investing in developing local capacity to build, rehabilitate and manage
38 housing. A primary vehicle for building such capacity is the formation and expansion of community
39 development corporations; and

40 (7) In that the [*farmworkers*] **agricultural workforce** in this state [*benefit*] **benefits** the social
41 and economic welfare of all of the people in Oregon by [*their*] **its** unceasing efforts to bring a
42 bountiful crop to market, the Legislative Assembly declares that it is the policy of this state to en-
43 sure adequate accommodations commensurate with the housing needs of Oregon's [*farm*] **agricul-**
44 **tural** workers that meet decent health, safety and welfare standards. To accomplish this objective
45 in the interest of all of the people in this state, it is necessary that:

1 (a) Every state and local government agency that has powers, functions or duties with respect
2 to housing, land use or enforcing health, safety or welfare standards, under this or any other law,
3 shall exercise its powers, functions or duties consistently with state policy and in a manner that
4 will facilitate sustained progress in attaining the objectives established;

5 (b) Every state and local government agency with jurisdiction over [*farmworker*] **agricultural**
6 **workforce** activities must make every effort to alleviate insanitary, unsafe and overcrowded ac-
7 commodations;

8 (c) Special efforts should be directed toward mitigating hazards to families and children; and

9 (d) Accommodations must be designed to provide for the rights of free association to seasonal
10 [*farmworkers*] **agricultural workers**.

11 **SECTION 6.** ORS 456.612 is amended to read:

12 456.612. The Legislative Assembly finds and declares that the primary purpose of financing by
13 the Housing and Community Services Department is to provide affordable housing for persons and
14 families of lower income, **including by financing the development of mixed income housing**.

15 **SECTION 7.** ORS 456.620 is amended to read:

16 456.620. In carrying out housing programs, the Housing and Community Services Department
17 shall:

18 (1) With the approval of the Oregon Housing Stability Council, adopt standards for the planning,
19 development and management of housing projects for which qualified housing sponsors receive all
20 or a portion of any required financing under ORS 456.548 to 456.828, for audits and inspections to
21 determine compliance with such standards and adopt criteria for the approval of qualified housing
22 sponsors under ORS 456.548 to 456.828.

23 (2) Adopt criteria by which the department may approve or disqualify qualified housing sponsors.

24 (3) Enter into agreements with qualified housing sponsors to regulate the planning, development
25 and management of housing projects constructed with the assistance of the department under ORS
26 456.548 to 456.828.

27 (4) With the approval of the council, establish maximum household income limits for all or a
28 portion of the units in housing projects, including housing developments or other residential housing,
29 financed in whole or in part by the department. The department may finance only [*the portion of*]
30 housing projects [*consisting of*] **including one or more** units rented to households with an income
31 below 120 percent of the area median income, as defined in ORS 458.610. The department shall, by
32 rule, adopt a methodology for allocating the affordable housing portion of a housing project's shared
33 costs, including infrastructure and parking. For a housing project financed by the department, the
34 council may establish a minimum ratio or number of units that will be rented to households with
35 an income below 120 percent of the area median income. [*If the income level in any unit exceeds 120*
36 *percent of the area median income, the department shall, to the extent practicable, require that the*
37 *project, development or other housing financed by the department have no less than a minimum per-*
38 *centage of low income units as established by rule.*] Income limits for department programs adminis-
39 tered on a statewide basis may be established by reference to the area median income. This
40 subsection does not restrict the acquisition of manufactured dwelling parks.

41 (5) With the approval of the council, ensure that financing is provided in the department's pro-
42 grams for manufactured housing and for the purchase of lots described in ORS 92.840 by manufac-
43 tured dwelling park tenants.

44 **SECTION 8. This 2026 Act takes effect on the 91st day after the date on which the 2026**
45 **regular session of the Eighty-third Legislative Assembly adjourns sine die.**

