

## HB 2198: LOCAL INNOVATION AND FAST TRACK HOUSING

An investment in housing production is urgently needed to address the lack of affordable housing. The proposed \$100 million of new resources will allow Oregon Housing and Community Services (OHCS) and its partners to create an innovative Oregon solution to begin to address the severe shortage of affordable housing, which is impeding our ability to raise school achievement, improve health outcomes, and move families towards economic self-sufficiency.

OHCS estimates that between 3,000 and 4,000 new units could be built to help meet needs across the state with a \$100 million investment.

HB 2198 will provide sideboards to the proposed \$100 million for family affordable housing. OHCS has requested -2 amendments, which will be heard in the House Rules Committee. The current engrossed version of the bill includes:

- **Priority populations:** families with children who earn less than 60% of area median income (AMI). In most communities, someone working full time at minimum wage with two children makes about 40% of AMI.
- **Distribution:** The Housing Stability Council will ensure funds are distributed statewide, and will concentrate funds and resources in the areas of the state with greatest need. They will consider severe rent burden, the gap between the needed affordable units and the available units, and market data such as rent and vacancy rates.
- **Other Considerations:** The Housing Stability Council will also consider ways to reduce the cost of construction; create linkages with regional collaboratives and other state agencies; and ensure funds address state priorities.

The agency gathered stakeholder feedback to arrive at the proposed -2 amendments. Several members of the Legislature, the Housing Stability Council, the Housing Alliance, Community Action Partnership of Oregon, Oregon Housing Authorities, Oregon Opportunity Network, Oregon Law Center, local jurisdictions, and others were critically helpful in refining our thinking.

### The proposed -2 amendments include:

- The program name is Local Innovation and Fast Track Housing program, or LIFT Housing;
- The ability to use these funds to purchase land for the development of affordable housing. This is considered an allowable use by bond counsel and the Department of Justice. In this instance, the State would purchase and own the land, and lease it to an affordable housing developer to build affordable housing;
- Technical changes to ensure that the State's contribution to the affordable housing property is seen as an equity contribution, rather than a grant or a loan in accordance with Article XI-Q bond requirements; and
- Adds additional detail about the reporting by the Department on progress implementing the program, awarding funds, geographic distribution, and other measures.

The proposed -3 amendments make one small change to the definition of "Area Median Income".

**An Oregon-funded solution:** With these new funds, Oregon can set the rules, define the policy choices, and set the targets. New, flexible resources would allow OHCS and its partners to test innovative strategies and create a modern model of affordable housing development, using years of experience, expertise, and success. This will provide an opportunity to try different construction methods, simplify existing financial structures, and reconsider regulation and complexities.

Specific program design and implementation strategies will be developed with input and oversight of the Housing Stability Council, whose members are appointed by the Governor and confirmed by the Oregon Senate. The Housing Stability Council is well positioned to be the central table where this kind of policy framework is debated, vetted publicly, and then established. From the outset, the Council intends to form subcommittees with expertise in real estate, finance, social service, and community action agency experts.