

HB 4121 -1 STAFF MEASURE SUMMARY

House Committee On Economic Development and Trade

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Sub-Referral To: Joint Committee On Ways and Means

Meeting Dates: 2/7, 2/14

WHAT THE MEASURE DOES:

Requires Housing and Community Services Department to establish and administer a program to provide incentive payments, funding, and grants for certain energy improvement projects. Provides incentive payments to construction contractors for energy improvement projects. Requires department to determine the incentive payment for an energy improvement project and establish payment rate schedules by rule. Requires department to allocate at least 25 percent of program funding for energy efficiency and affordable housing, with up to 90 percent of the amount allocated to affordable housing, and not less than 10 percent for grants to replace or extend the life of a manufactured dwelling or improve water or sewer systems serving manufactured dwellings owned and occupied by low or very low income persons. Requires referral of applicant for a small scale local energy loan to the program if the applicant has qualifying income. Authorizes department to enter into interagency agreements with other units of state government for the purpose of carrying out home weatherization assistance. Establishes expenditure limitation. Repeals program on January 2, 2022. Declares emergency; effective on passage.

ISSUES DISCUSSED:

- Affordability of energy improvement projects
- Solar business and workforce impacts
- Family benefits from energy improvement projects
- Benefits for low and very low income Oregonians

EFFECT OF AMENDMENT:

-1 Defines program purpose and clarifies definitions. Decreases property owner income limitation to \$187,000 unless the owner is a nonprofit organization or the property is affordable housing. Allows Housing and Community Services Department to revise program due to budget limitations within defined parameters. Refines solar technology system payment criteria. Adds direct installation of weatherization and solar technology in affordable housing as eligible use for at least 25 percent of program funding. Inserts placeholder for expenditure limitation.

BACKGROUND:

Oregon Housing and Community Services (OHCS) is Oregon's housing finance agency, which provides financial and program support to create and preserve opportunities for quality, affordable housing for Oregonians with low and moderate incomes. The agency was created in 1991, when the Legislative Assembly merged the Oregon Housing Agency with State Community Services. OHCS engages leaders to develop integrated statewide policy and has a number of programs and services to support housing stability, including assistance to prevent or end homelessness, energy assistance to stabilize people in their homes, development of affordable rental housing, and support for home ownership programs. OHCS weatherization programs, designed for lower income Oregonians, operate through local community action agencies and community service providers and help residents reduce their heating costs while improving the efficiency, safety, comfort, and durability of their home.

Since its inception in 1975, the Oregon Department of Energy (ODOE) has worked with state, regional, federal, and tribal governments and organizations to promote conservation and efficiency. Residential homeowners previously had the opportunity to improve energy efficiency under the Residential Energy Tax Credits (RETC), which provided a

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credit against personal income taxes for constructing or installing an energy saving device in a residence, but this program ended in 2017. Since 1979, the Small-Scale Local Energy Loan Program (SELP) has also provided long-term fixed rate loans for Oregon energy projects. ODOE has issued more than 900 loans, with an associated \$612 million in financing, to recipients located across all 36 Oregon counties. SELP is not currently writing or developing new loans.

House Bill 4121 requires Housing and Community Services Department to establish and administer a program to provide incentive payments, funding, and grants for certain energy improvement projects.