

HB 2056 STAFF MEASURE SUMMARY

Joint Committee On Ways and Means

Prepared By: Michelle Deister, Budget Analyst

Meeting Dates: 6/5

WHAT THE MEASURE DOES:

Establishes Housing Development Grant Program within Oregon Housing and Community Services (OHCS) to support expanding the supply of affordable rental housing. Excludes use of grants for general operations of an organization. Allows grant recipients more discretion in tailoring services to the needs of tenants. Directs OHCS to establish a separate Guarantee Fund. Allows OHCS to guarantee loans made to persons with moderate incomes. Defines moderate income. Removes requirement that the Oregon Housing Stability Council (Council) review loans and instead requires Council to review and approve underwriting policies. Allows OHCS to transfer surplus moneys from the Guarantee Account to the Affordable Housing Land Acquisition Revolving Loan Program.

ISSUES DISCUSSED:

- Updating existing loan program at OHCS, including income and eligibility requirements, to improve effectiveness
- Bridging gaps in financing
- Compatibility with House Bill 2055
- Communities that are ready to work on housing supply issues
- Estimated number of communities that could benefit (approximately 36)
- Flexibility to meet local needs
- Difficulty of schools, health care, and hospitality industries in recruiting/retaining employees with no affordable places to live

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Loan guarantee programs administered by Oregon Housing and Community Services (OHCS) currently provide guarantees to lenders to help finance housing for lower-income households, that may be up to 25 percent of the original principal amount of a loan. To participate, the lender submits an application for the loan guarantee for the project that requires the credit enhancement necessary to obtain the loan. The purpose of the Affordable Housing Land Acquisition Revolving Loan Program is to provide financial assistance to eligible organizations to purchase land for affordable housing development.

House Bill 2056 updates and expands current loan guarantee programs by creating the Housing Development Grant Program to provide grants that support affordable rental housing development and allow grant recipients to tailor services to the needs of tenants. OHCS is directed to establish a separate Guarantee Fund, may guarantee loans made to persons with moderate incomes, and may transfer surplus funds from the Guarantee Account to the Affordable Housing Land Acquisition Revolving Loan Program.