

**SB 632 STAFF MEASURE SUMMARY**

**Senate Committee On Housing and Development**

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**Prepared By:** Kevin Rancik, LPRO Analyst

**Sub-Referral To:** Joint Committee On Ways and Means

**Meeting Dates:** 2/1

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**WHAT THE MEASURE DOES:**

Directs the Oregon Department of Administrative Services (DAS) to provide a \$2 million grant and \$22 million loan to unspecified borrower develop at least 200 modular or prefabricated multifamily units in rural, coastal, and urban parts of the state. Allocates General Fund moneys for the biennium beginning July 1, 2023 for grants and loans. Sets loan maturity to seven years from issue date with one percent annual interest. Requires grant be used to partner with modular housing industry, work with agencies to expedite modular housing permitting processes, work to understand industry need for employee housing, and create template for use of modular construction in moderate income housing projects. Requires units be affordable to households with moderate incomes for at least 30 years. Directs borrower to issue report to DAS by September 15, 2025 assessing effectiveness of program. Sunsets provisions of Act January 2, 2026.

Declares emergency, effective July 1, 2023.

**ISSUES DISCUSSED:**

**EFFECT OF AMENDMENT:**

No amendment.

**BACKGROUND:**

ORS 458.610 defines moderate income as income that is more than 80 percent and not more than 120 percent of the area median income. The February 2021 Summary Report on Oregon’s Regional Housing Needs Analysis estimates roughly 17% of housing underproduction in Oregon falls into this income category, attributed to high land costs, second home production driving the market, inadequate infrastructure, and/or high cost of unit construction. The Department of Housing and Development’s Office of Policy Development and Research notes modular and prefabricated, factory-built housing transported to the housing site offers potential for reducing both construction time and housing cost. HUD notes that challenges to modular housing production have included zoning, negative perception, and financing of such projects.

Senate Bill 632 issues a \$2 million grant and \$22 million loan from the General Fund to a currently unspecified entity to develop a minimum of 200 multifamily units in rural, coastal, and urban areas. The units must be affordable for moderate income households for 30 years, and the borrower must issue a report describing activities and findings pertaining to modular construction and industry needs no later than September 15, 2025. The provisions of the measure sunset on January 2, 2026. An emergency is declared, and the Act takes effect July 1, 2023.