

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 3395 - 4

82nd Oregon Legislative Assembly – 2023 Regular Session

Legislative Fiscal Office

Only Impacts on Original or Engrossed Versions are Considered Official

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Measure Description:

Allows residential uses on lands zoned for commercial uses within urban growth boundaries. Requires the Department of Human Services to provide financial support to nonprofits that provide affordable housing support to low-income college students. Requires the Housing and Community Services Department (HCSD) to provide grants for developing community housing supporting agricultural employees. Requires the Oregon Department of Administrative Services to provide grants to support housing and community development capacity. Requires HCSD to make a grant to the Network for Oregon Affordable Housing to provide low-interest loans to purchasers of homes with limited equity. Requires HCSD to provide grants to nonprofits to develop a fund to guarantee affordable housing construction loans. Expands allowable purposes of the Emergency Housing Account to include grants to assist companion animals of individuals experiencing or at risk of homelessness.

Government Unit(s) Affected:

Housing and Community Services Department, Land Use Board of Appeals, Department of Administrative Services, Cities, Department of Land Conservation and Development, Counties, Department of Consumer and Business Services, Metro, Public Utility Commission, Real Estate Agency, Department of Human Services

Summary of Fiscal Impact:

Costs related to the measure may require budgetary action - See analysis.

Summary of Expenditure Impact:

	2023-25 Biennium	2025-27 Biennium
Department of Administrative Services		
General Fund - Special Payments	\$5,000,000	
<i>Total Funds</i>	\$5,000,000	\$0
<i>Positions</i>	0	0
<i>FTE</i>	0.00	0.00
Department of Land Conservation and Development		
General Fund - Special Payments	\$1,250,000	
<i>Total Funds</i>	\$1,250,000	\$0
<i>Positions</i>	0	0
<i>FTE</i>	0.00	0.00
Department of Human Services		
General Fund		
Personal Services	\$222,987	\$55,745
Services and Supplies	\$21,976	\$10,242
Special Payments	\$4,000,000	
<i>Total Funds</i>	\$4,244,963	\$65,987
<i>Positions</i>	1	1
<i>FTE</i>	1.00	0.25
Housing and Community Services Department		
General Fund		
Personal Services	\$389,482	
Services and Supplies	\$140,320	
Special Payments	\$37,500,000	
<i>Total Funds</i>	\$38,029,802	\$0
<i>Positions</i>	2	
<i>FTE</i>	1.76	
Total Fiscal Impact	\$48,524,765	\$65,987
<i>Total Positions</i>	3	1
<i>Total FTE</i>	2.76	0.25

Analysis: HB 3395 -4 appropriates \$48.5 million General Fund to provide:

1. Grants to councils of governments and economic development districts to support housing and community development capacity within cities, counties, and the nine federally recognized Indian tribes in Oregon.
2. Technical assistance grants to support cities in amending their comprehensive plans or land use regulations relating to allowing additional middle housing.
3. Financial support to nonprofit organizations providing affordable housing support to low-income college students.
4. Grants to qualified housing sponsors to develop community housing supporting agricultural employees.
5. A grant to the Network for Oregon Affordable Housing (NOAH) to establish a revolving loan fund that will allow a first-time home buyer who is purchasing a home, cooperative, or condominium to establish equity at a faster rate.
6. Grants to one or more nonprofit corporations to develop affordable housing loan guarantee funds for the purpose of guaranteeing the repayment of loans to finance construction of housing subject to affordable housing covenants for low- and moderate-income households.

Department of Administrative Services (DAS)

The measure requires the Department of Administrative Services (DAS), in consultation with the Department of Land Conservation and Development (DLCD) and the Housing and Community Services Department (HCSD) to provide \$5 million General Fund for grants to councils of governments and economic development districts to

support a housing and community development capacity within cities, counties, and the nine federally recognized tribes in Oregon. The administrative costs associated with distributing these grant funds can be absorbed within the DAS budget.

Department of Land Conservation and Development

The measure appropriates \$1.25 million to DLCD to provide technical assistance grants to local governments to assist in amending their comprehensive plans. The administrative costs associated with distributing these grant funds can be absorbed within the DLCD budget, but based on the cumulative impact of the measures that pass during the legislative session, DLCD may need additional staff to assist with grant administration.

Department of Human Services

The measure directs the Department of Human Services (DHS) to provide financial support to nonprofit organizations providing affordable housing support to low-income college students in accordance with the Department's self-sufficiency programs and appropriates \$4 million General Fund to DHS for grants to eligible nonprofits. One limited duration Program Analyst 3 position (1.00 FTE) would administer all aspects of the affordable housing grant program, including funding components, supports, and providing data/evaluation, as well as coordination with state agencies, community partners, and youth participants. A total of \$244,963 of General Fund is included for administrative expenses of DHS in carrying out work under this measure.

Housing and Community Services Department

The measure appropriates a total of \$37.5 million General Fund to HCSD for the following purposes:

- \$10 million General Fund to provide one or more grants to qualified housing sponsors to develop community housing supporting agricultural employees.
- \$7.5 million General Fund for a grant program to establish the Affordable Homeownership Revolving Loan Fund that will allow a first-time home buyer who is purchasing a home, cooperative, or condominium to establish equity at a faster rate. The grant is directed to the Network for Oregon Affordable Housing (NOAH). Grant funds will not be distributed until NOAH establishes a loan fund with a balance of no less than \$7.5 million of additional private money. Loans from the fund must be used for the purchase of a dwelling subject to affordability restrictions under ORS 456.270 to ORS 456.295. Loans may only be made to applicants that have met with an approved or certified housing counseling agency with a first-time home-buyer program. The loan must have a term of 20 years or less and have a fixed interest rate that is not more than that would allow monthly amortized principal and interest payments under the term of the loan to be the amount that would result from a 30-year fixed mortgage or 0.5%. The measure requires HCSD to report to an appropriate interim legislative committee on the use of the funds by NOAH. HCSD will receive reports on its spending and provide reports to the Legislative Assembly by September 15, 2025, and September 15, 2027.
- \$20 million General Fund to provide grants to one or more nonprofit corporations to develop the Affordable Housing Loan Guarantee Fund, created for the purpose of guaranteeing the repayment of loans to finance construction of housing subject to affordable housing covenants for low- and moderate-income households. HCSD will create funding process criteria and require annual reports from the grantees on the use of the funds.

General Fund of \$529,802 and two limited duration positions (1.76 FTE) are included to accommodate the administration of programs for which the Housing and Community Services Department is responsible in this measure: a Procurement and Contract Specialist 3 and a Program Analyst 3. The appropriations and associated grant programs are not assumed to recur in subsequent biennia, but the Department will need additional capacity for program design, administrative rules, and grant agreements. The fiscal impact on HCSD assumes personal services costs of \$389,482 and services and supplies costs of \$140,320 for position-related costs and expenses related to contract review by the Department of Justice.

The measure declares an emergency and takes effect on passage, with certain portions operative January 1, 2024.