

SB 861 A STAFF MEASURE SUMMARY

Senate Committee On Housing and Development

Action Date: 04/03/23

Action: Do pass with amendments to the bill. Refer to Ways and Means by prior reference.
(Printed A-Eng.)

Vote: 4-1-0-0

Yeas: 4 - Jama, Knopp, Patterson, Sollman

Nays: 1 - Anderson

Fiscal: Fiscal impact issued

Revenue: No revenue impact

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Meeting Dates: 3/29, 4/3

WHAT THE MEASURE DOES:

Establishes volunteer seven-member Task Force on Innovative and Cost-Effective Housing (Task Force) and includes provisions covering Task Force operations and staff support provided by Oregon Housing and Community Services (OHCS). Specifies OHCS Director appoints four members, with one each representing OHCS, private housing developers, private investors in affordable housing, and private sector housing lenders; State Treasurer appoints either themselves or their designee and an attorney licensed to practice in Oregon with expertise in public bonding; and Department of Land Conservation and Development (DLCD) appoints a representative of DLCD. Directs Task Force to evaluate, develop, structure, and recommend housing finance programs for promoting affordable, mixed, and middle-income housing construction; develop programs maximizing benefits of existing federal funds and programs, including for 501 (c)(3) tax exempt bonds; evaluate innovative housing finance programs in other jurisdictions and identify best practices; and consider constitutional and statutory amendments to increase efficiency of public funding deployment. Requires Task Force submit report to interim committee of Legislative Assembly related to housing no later than September 15, 2024. Repeals provisions of Act December 31, 2024. Provides \$500,000 from General Fund to OHCS, for biennium beginning July 1, 2023, to administer Task Force. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Role of funding in completion of affordable housing projects
- Use of 501 (c)(3) bonds for affordable housing in other jurisdictions
- Leveraging funding for affordable housing from various sources

EFFECT OF AMENDMENT:

Replaces the measure.

BACKGROUND:

The Department of Land Conservation and Development’s February 2021 Regional Housing Needs Analysis reports that high land and construction costs, inadequate infrastructure, and limited local government capacity are some factors feeding into housing underproduction. The December 2022 Oregon Housing Needs Analysis legislative recommendation report notes that infrastructure cost and availability can make affordable housing prohibitively expensive to develop. Testimony during the 2023 session to the Senate Committee on Housing and Development has mentioned financing and lack of infrastructure as barriers to development of housing for low and moderate income households.

Oregon Housing and Community Services (OHCS) administers the Low Income Housing Tax Credit program, an incentive to encourage the construction and rehabilitation of rental housing for lower-income households. The

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Local Innovation and Fast Track program supports OHCS Statewide Housing Plan policy priorities, and it prioritizes low subsidy investments and service to historically underserved rural communities and communities of color. These programs together play a role in development of affordable housing, but funding can be limited.

A 501 (c)(3) organization is exempt from federal income tax and is commonly referred to as a charitable organization. The Washington State Housing Finance Commission, for example, allows nonprofit bonds to finance housing facilities owned by such organizations. These bonds tend to be less restrictive in facility types that can be financed compared to other affordable housing funding sources.

Senate Bill 861 A establishes the Task Force on Innovative and Cost-Effective Housing (Task Force), charged with exploring housing finance programs and funds, including 501 (c)(3) tax exempt bonds, for promoting affordable, mixed, and middle-income housing construction. It directs the Task Force to consider the experience of other jurisdictions and consider ways to increase the efficiency of public funding deployment for affordable housing. The Task Force must submit a report to a housing-related interim committee of the Legislative Assembly by September 15, 2024.