

# Oregon Housing and Community Services

## 2023 Legislative Session



### Senate Bill 225: Private Activity Bonds (PAB) for Affordable Housing

Private Activity Bonds (PAB) are allocated by the federal government to states to use for economic development activities, including supporting affordable housing. In Oregon, this resource is paired with the Local Innovation Fast Track (LIFT) Program, other state resources, and local bond dollars to support thousands of affordable homes statewide.

### Problem Statement

Due to historic investment in housing, the statewide pipeline of affordable housing development far exceeds the amount of PAB that OHCS and Public Housing Authorities (PHAs) receive. There is currently no way to coordinate affordable rental housing project selection for PAB resources across entities in the state, creating uncertainty in the number of projects that can be completed.

Additionally, OHCS cannot close on the complex financing of affordable housing deals during the “blackout period” that begins at the new biennium (June 30 of odd numbered years) and ends with the Governor signing the bond authorization bill. Even a one-week delay in closing can lead to cost increases due to tax credit pricing and other costs (labor, supply, insurance).

### Policy Solution

To ensure coordination of affordable housing resources and a clear financing process, LC 555 makes two changes to the state’s PAB policy:

1. Ensures PAB resources for affordable housing are allocated exclusively through OHCS by allowing OHCS to suballocate PABs to Public Housing Authorities (PHA) (who will still issue the bonds)
2. Allow OHCS to move forward with financial closings for affordable housing developments during the blackout period, preventing costs increases. This component necessitates an emergency clause on this bill to avoid cost increases this July.

OHCS has vetted this concept with Oregon Treasury and PHAs.

### Contact

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