

LC 209
2026 Regular Session
1/5/26 (RLM/ps)

D R A F T

SUMMARY

Digest: This Act sets up a bond fund to preserve low-cost housing and requires OHCS to report on low-cost housing barriers. (Flesch Readability Score: 63.8).

Establishes the Preserve Affordable Homes for Oregon Fund to deposit Article XI-Q bonds to be used to preserve affordable housing at risk of loss.

Requires the department to, with input from stakeholders, report to the interim committees of the Legislative Assembly relating to housing on or before December 1, 2026, on legal and policy barriers to affordable housing production.

Declares an emergency, effective on passage.

1 A BILL FOR AN ACT

2 Relating to affordable housing; creating new provisions; amending ORS
3 456.559 and 456.824 and section 1, chapter 630, Oregon Laws 2025; and
4 declaring an emergency.

5 **Be It Enacted by the People of the State of Oregon:**

6 **SECTION 1. Section 2 of this 2026 Act is added to and made a part**
7 **of ORS 456.766 to 456.828.**

8 **SECTION 2. (1) The Preserve Affordable Homes for Oregon Fund is**
9 **established in the State Treasury, separate and distinct from the**
10 **General Fund. Interest earned on moneys in the Preserve Affordable**
11 **Homes for Oregon Fund shall be credited to the fund.**

12 **(2) The fund consists of moneys deposited into the fund from bonds**
13 **issued by the State Treasurer pursuant to ORS 286A.035 for the Hous-**
14 **ing and Community Services Department to be used for affordable**
15 **housing preservation.**

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted.
New sections are in **boldfaced** type.

1 **(3) Moneys in the fund are continuously appropriated to the de-**
2 **partment to:**

3 **(a) Acquire, construct, remodel, repair, equip or furnish affordable**
4 **housing at risk of loss, as described in ORS 456.824 (2), that is or will**
5 **be owned or operated, as those terms are defined in ORS 458.480, by**
6 **the State of Oregon for the purpose of providing affordable housing;**

7 **(b) Pay the costs incurred by the department to administer the**
8 **fund; and**

9 **(c) Pay bond-related costs, as defined in ORS 286A.816.**

10 **SECTION 3. On or before December 1, 2026, the Housing and Com-**
11 **munity Services Department shall submit a report in the manner**
12 **provided by ORS 192.245 to the interim committees of the Legislative**
13 **Assembly related to housing that incorporates feedback from key**
14 **stakeholders, including affordable housing providers, finance entities**
15 **and tenant advocates and that:**

16 **(1) Evaluates and offers improvements to any state laws or prac-**
17 **tices, policies or rules of the department that negatively impact the**
18 **efficiency and cost of providing affordable housing; and**

19 **(2) Evaluates opportunities to streamline federal compliance or re-**
20 **porting requirements of affordable housing providers that are admin-**
21 **istered by the department.**

22 **SECTION 4. ORS 456.824 is amended to read:**

23 **456.824. The Housing and Community Services Department shall establish**
24 **and maintain an affordable housing preservation program to coordinate af-**
25 **fordable housing preservation efforts and incentivize the analysis and pres-**
26 **ervation of affordable housing, including publicly supported housing and**
27 **manufactured dwelling parks. Under the program, the department shall:**

28 **(1) Collect and maintain data from local, state and federal sources on af-**
29 **fordable housing in this state, including the status of existing affordability**
30 **restrictions and rental assistance contracts at publicly supported housing.**

31 **(2) Identify categories of affordable housing at risk of loss, including:**

- 1 (a) Properties with expiring federal rent assistance contracts;
- 2 (b) Properties with expiring affordability restrictions;
- 3 (c) Properties with affordability restrictions in physical or financial dis-
- 4 tress; and
- 5 (d) Manufactured dwelling parks at risk of sale or closure.
- 6 (3) Take actions to promote housing stability, for residents of:
 - 7 (a) Affordable housing that is at risk of loss or that has been recently
 - 8 lost; or
 - 9 (b) Residents of manufactured dwelling parks or marinas at risk of sale
 - 10 or closure.
- 11 (4) Establish and periodically update evaluation criteria for affordable
- 12 housing preservation [*investments*].
- 13 (5) Identify and aggregate available sources of funding, including moneys
- 14 available from federal and private grants or programs, appropriations by the
- 15 Legislative Assembly, existing funds of the department or financing available
- 16 from Article XI-Q bond proceeds under ORS 286A.824 or 458.480 to 458.490
- 17 **or section 2 of this 2026 Act** or proceeds of other bonds issued by the State
- 18 Treasurer, and use such sources of funding to implement preservation [*in-*
- 19 *vestments for*] **of** affordable housing in accordance with the established
- 20 evaluation criteria.
- 21 (6) Regularly analyze operating expenses of the existing portfolio of pub-
- 22 licly supported housing that is funded by the department to inform the
- 23 department's underwriting standards for financing the construction of new
- 24 and the preservation of existing publicly supported housing and to inform
- 25 forecasts of preservation funding needs.
- 26 (7) Regularly update and publish an affordable housing preservation
- 27 strategy framework report that includes information identified in subsections
- 28 (1) and (2) of this section and forecasts the financial need to preserve af-
- 29 fordable housing.
- 30 (8) Execute the duties of the department under ORS 456.766 to 456.828.

31 **SECTION 5.** Section 1, chapter 630, Oregon Laws 2025, is amended to

1 read:

2 **Sec. 1.** The amounts authorized, as provided by ORS 286A.035, for issuance of general obligation bonds of the state during the 2025-2027 biennium are as follows:

5

6 GENERAL OBLIGATION BONDS

7 General Fund Obligations

8 (1) Higher Education Coordinating

9 Commission (Art. XI-G):

10 (a) Clackamas Community College,

11 Center for Excellence for

12 Farming, Horticulture and

13 Wildland Fire \$ 8,085,000

14 (b) Klamath Community College,

15 Cosmetology ADA

16 Remediation..... \$ 4,045,000

17 (c) Mt. Hood Community College,

18 Classroom and Lab

19 Renovations \$ 8,085,000

20 (d) Clatsop Community College,

21 Maritime Science Building..... \$ 7,985,000

22 (e) Southwestern Oregon

23 Community College, Student

24 Uplift and Collaboration

25 Create Expanded Support

26 Success..... \$ 8,085,000

27 (f) Portland State University,

28 Portland Center for the

29 Performing Arts Academic

30 Building \$ 85,660,000

31 (g) University of Oregon, Child

1 Behavioral Health Building..... \$ 17,920,000
2 (h) Southern Oregon University,
3 Creative Industries/Student
4 Success..... \$ 2,485,000
5 (i) Western Oregon University,
6 Data Center..... \$ 715,000
7 (2) Oregon Business Development
8 Department (Art. XI-M)..... \$ 100,910,000
9 (3) Oregon Business Development
10 Department (Art. XI-N)..... \$ 50,580,000
11 (4) Department of Education
12 (Art. XI-P)..... \$ 50,455,000
13 (5) Oregon Department of
14 Administrative
15 Services (Art. XI-Q):
16 (a) Housing and Community
17 Services Department:
18 (A) Local Innovation and Fast
19 Track (LIFT) Affordable
20 Rental Housing Program..... \$ 468,220,000
21 (B) Local Innovation and Fast
22 Track (LIFT) Homeownership
23 Program..... \$ 100,910,000
24 (C) Permanent Supportive
25 Housing Program..... \$ 80,760,000
26 **(D) Preserve Affordable Homes**
27 **for Oregon Fund..... \$ —————**
28 (b) Department of Corrections:
29 (A) Capital Improvement and
30 Renewal..... \$ 50,455,000
31 (B) Computerized Maintenance

1 Management System..... \$ 2,285,000

2 (C) Institution Staff Deployment

3 System Replacement (ISDS)..... \$ 625,000

4 (D) Wireless Communication

5 System..... \$ 13,040,000

6 (c) State Forestry Department:

7 (A) Klamath Fire Cache

8 Warehouse Replacement..... \$ 1,723,800

9 (B) Santiam Facility Replacement,

10 Phase I..... \$ 1,115,400

11 (C) State Forester, Office

12 Building Restoration..... \$ 520,200

13 (D) Toledo Facility Replacement,

14 Phase III..... \$ 2,542,388

15 (E) Veneta Campus Remodel..... \$ 4,404,427

16 (d) State Department of

17 Fish and Wildlife:

18 (A) Capital Improvements,

19 Hatchery Facilities \$ 20,180,000

20 (B) North Willamette Watershed

21 District Office \$ 5,320,000

22 (e) Oregon Health Authority,

23 Oregon State Hospital

24 Capital Improvements

25 and Equipment..... \$ 7,545,000

26 (f) Judicial Department,

27 Morrow County Courthouse \$ 2,535,000

28 (g) Oregon Military Department:

29 (A) Medford Field Maintenance

30 Shop..... \$ 6,680,000

31 (B) Klamath Falls Readiness

1	Center	\$	2,035,000
2	(C) Linn County Readiness		
3	Center	\$	7,080,000
4	(h) Department of State Police:		
5	(A) Area Command Center		
6	Property Acquisition	\$	3,540,000
7	(B) Springfield Patrol Area		
8	Command Office.....	\$	7,360,000
9	(i) Oregon Youth Authority:		
10	(A) Capital Improvements,		
11	All Facilities.....	\$	5,070,000
12	(B) CCTV and Access Control		
13	Improvement, Phase IV.....	\$	5,630,000
14	(C) JJIS IT System		
15	Modernization	\$	12,295,000
16	(D) MacLaren Infirmary and		
17	Pharmacy Renovation and		
18	Expansion.....	\$	2,735,000
19	(E) Camp Riverbend Dorm		
20	Renovation	\$	8,960,000
21	(F) MacLaren West Cottages		
22	Renovations	\$	4,045,000
23	(G) Oak Creek Youth Correctional		
24	Facility.....	\$	4,045,000
25	(H) Tillamook Dorm Renovation.....	\$	12,015,000
26	(I) Tillamook Medical and Dental		
27	Renovations	\$	825,000
28	(j) Department of Public Safety		
29	Standards and Training:		
30	(A) Learning Management		
31	System.....	\$	3,510,000

1 (B) Deferred Maintenance..... \$ 3,280,000

2 (k) Department of Environmental

3 Quality, Laboratory and

4 Monitoring Equipment..... \$ 1,350,000

5 (L) Higher Education Coordinating

6 Commission:

7 (A) Public Universities Capital

8 Improvement and Renewal..... \$ 120,930,000

9 (B) University of Oregon, Child

10 Behavioral Health Building..... \$ 35,855,000

11 (C) Southern Oregon University,

12 Creative Industries/Student

13 Success..... \$ 38,470,000

14 (D) Western Oregon University,

15 Data Center..... \$ 12,555,000

16 (m) State Department of

17 Agriculture, Project

18 OneODA \$ 6,185,000

19 (n) Oregon Public Defense

20 Commission, Financial Case

21 Management System..... \$ 13,915,000

22 (o) Department of Justice,

23 Legal Tools Replacement

24 System 3.0 \$ 13,455,000

25 (p) Department of Revenue,

26 Electronic Valuation

27 Information System..... \$ 2,035,000

28 (q) Oregon Department of Emergency

29 Management, Resiliency Grant

30 Fund established under

31 ORS 401.552..... \$ 10,140,000

1 (r) Oregon Business Development
2 Department, Coos Bay Channel
3 Modification..... \$ 100,815,000
4 (6) Department of
5 Transportation (Art. XI,
6 section 7), Interstate 5
7 Bridge Replacement Project..... \$ 251,825,000
8 Dedicated Fund Obligations
9 (7) Department of Veterans'
10 Affairs (Art. XI-A)..... \$ 116,000,000
11 (8) Higher Education Coordinating
12 Commission (Art. XI-F(1)):
13 (a) Portland State University,
14 Portland Center for the
15 Performing Arts Parking
16 Structure \$ 53,010,000
17 (b) Portland State University,
18 Student Housing \$ 85,660,000
19 (9) Department of Environmental
20 Quality (Art. XI-H)..... \$ 20,080,000
21 (10) Housing and Community
22 Services Department
23 (Art. XI-I(2))..... \$ 50,000,000
24 (11) Oregon Department of
25 Administrative Services
26 (Art. XI-Q):
27 (a) Oregon Department of
28 Administrative Services,
29 Labor and Industries Building
30 Renovation and Seismic
31 Upgrade \$ 126,080,000

1 (b) State Forestry Department:

2 (A) Klamath Fire Cache Warehouse

3 Replacement \$ 3,346,200

4 (B) Santiam Facility Replacement,

5 Phase I..... \$ 3,954,600

6 (C) State Forester, Office

7 Building Restoration..... \$ 1,009,800

8 (D) Toledo Facility Replacement,

9 Phase III..... \$ 3,532,612

10 (E) Veneta Campus Remodel..... \$ 6,430,573

11 (c) Department of Veterans'

12 Affairs:

13 (A) Department of Veterans'

14 Affairs Salem HVAC

15 Controls Replacement,

16 Phase II \$ 1,585,000

17 (B) Department of Veterans'

18 Affairs Salem Roof

19 Replacement \$ 1,230,000

20 (d) Oregon Liquor and Cannabis

21 Commission:

22 (A) Liquor Warehouse Management

23 Management IT System \$ 8,090,000

24 (B) Liquor Warehouse Conveyor

25 System..... \$ 10,125,000

26 (C) Liquor Warehouse Land

27 and Building \$ 46,330,000

28 Total General Obligation

29 Bonds..... \$ 2,340,290,000

30 **SECTION 6.** ORS 456.559 is amended to read:

31 456.559. (1) The Housing and Community Services Department shall:

1 (a) Maintain current housing data and information concerning available
2 programs, status of funding, programs planned or undertaken which might
3 conflict with, overlap, duplicate or supersede other planned or existing pro-
4 grams and call these to the attention of appropriate state agencies, govern-
5 mental bodies and public or private housing sponsors.

6 (b) Maintain current data on publicly supported housing as provided un-
7 der ORS 456.824.

8 (c) Provide to appropriate state agencies, governmental bodies and public
9 or private housing sponsors such advisory and educational services as will
10 assist them in the development of housing plans and projects.

11 (d) Subject to the approval of the Oregon Housing Stability Council, make
12 noninterest bearing advances, in accordance with ORS 456.710 and the poli-
13 cies of the department, to qualified nonprofit sponsors for development costs
14 of housing projects until mortgage funds are released to repay the advances
15 as provided in ORS 456.710.

16 (e) Advise and assist appropriate state agencies, governmental bodies and
17 public or private housing sponsors, cities and counties, in all programs and
18 activities which are designed or might tend to fulfill the purposes of ORS
19 456.548 to 456.828 and ORS chapter 458.

20 (f) Encourage and assist in the planning, development, construction, re-
21 habilitation and conservation of dwelling units for persons and families of
22 lower income.

23 (g) Be the central state department to apply for, receive and distribute,
24 on behalf of appropriate state agencies, governmental bodies and public or
25 private housing sponsors in the state, grants, gifts, contributions, loans,
26 credits or assistance from the federal government or any other source for
27 housing programs except when the donor, grantor, or lender of such funds
28 specifically directs some other agency to administer them. Moneys received
29 under this section shall be deposited with the State Treasurer in an account
30 separate and distinct from the General Fund. Interest earned by the account
31 shall be credited to the account.

1 (h) For the purposes of acquiring moneys, credits or other assistance from
2 any agency or instrumentality of the United States or from any public cor-
3 poration chartered by the United States, comply with any applicable agree-
4 ments or restrictions for the receipt of such assistance and become a member
5 of any such association or public corporation chartered by the United States.

6 (i) Assist individuals, appropriate state agencies, governmental bodies and
7 public or private housing sponsors through a program which provides hous-
8 ing information, planning, educational services and technical assistance.

9 (j) Comply with the requirements of ORS 443.225 in assisting in the de-
10 velopment of any housing for residential care, training or treatment for
11 persons with intellectual or developmental disabilities or mental or emo-
12 tional disturbances.

13 (2) Except as otherwise provided in ORS 456.625 (7), 456.766 to 456.828,
14 458.315 (3) and 458.480 to 458.490 **and section 2 of this 2026 Act**, the de-
15 partment may not itself develop, construct, rehabilitate or conserve housing
16 units; and neither the department nor any housing sponsor, including but
17 not limited to any association, corporation, cooperative housing authority
18 or urban renewal agency organized to provide housing and other facilities
19 under ORS 456.548 to 456.828, may own, acquire, construct, purchase, lease,
20 operate or maintain utility facilities, including facilities for the generation
21 of electricity, for the distribution of gas and electricity, and for the
22 conveyance of telephone and telegraph messages.

23 (3) In accordance with the provisions of this section and with the advice
24 of the council, the department shall establish statewide priorities for housing
25 programs. State agencies shall coordinate their housing programs with the
26 department. All state agencies intending to apply for federal funds for use
27 in planning, developing or managing housing, or rendering assistance to
28 governmental bodies or sponsors or individuals involved therein shall submit
29 a description of the proposed activity to the department for review not less
30 than 30 days prior to the intended date of submission of the application to
31 the federal agency. The department shall determine whether the proposal

1 would result in a program that would overlap, duplicate or conflict with any
2 other housing program in the state. If the department finds overlapping or
3 duplication or conflict, it shall recommend modifications in the application.
4 The Oregon Department of Administrative Services shall consider these rec-
5 ommendations in making its decision to approve or disapprove the applica-
6 tion. The department shall complete its review and forward its
7 recommendations within 15 working days after receipt of the notification.
8 Failure of the department to complete the review within that time shall
9 constitute approval of the application by the department.

10 (4) The Director of the Housing and Community Services Department may
11 participate in discussions and deliberations of the council. The director may
12 suggest policies to the council, including those necessary to stimulate and
13 increase the supply of housing for persons and families of lower income.

14 **SECTION 7. This 2026 Act being necessary for the immediate pres-**
15 **ervation of the public peace, health and safety, an emergency is de-**
16 **clared to exist, and this 2026 Act takes effect on its passage.**

17
