

HB 3145 -2 STAFF MEASURE SUMMARY

House Committee On Housing and Homelessness

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Sub-Referral To: Joint Committee On Ways and Means

Meeting Dates: 3/10, 3/24

WHAT THE MEASURE DOES:

The measure directs the Oregon Housing and Community Services Department (OHCS) to use \$50 million from the Local Innovation and Fast Track (LIFT) Housing Program Fund to support the construction or acquisition of factory-produced housing for low-income households in up to five locations. It prioritizes projects using Oregon-based developers, environmentally friendly materials, and geographically diverse locations. OHCS will work with an advisory group to develop funding criteria and evaluate applications. The measure also funds consultants to provide training, technical assistance, and industry support, aiming to streamline the supply chain, improve awareness of factory-built housing, and promote long-term industry success. OHCS must report to the legislature by 2027 on project outcomes, challenges, and recommendations for future housing support. The program is set to end in 2028.

Detailed Summary:

- Directs the Housing and Community Services Department (OHCS) to use funds from the Local Innovation and Fast Track Housing Program Fund to provide funding to acquire or construct factory-produced housing for low income households, for up to five separate recipients or locations.
- Permits OHCS to give preference to funding housing that uses Oregon-based developers; is geographically diverse, including coastal and eastern Oregon communities, or is sited in more than one location; can benefit from, and provide a benefit to, the industry support intentions of the advisory group; or uses materials that are nontraditional, provide energy efficiency, carbon capture or other environmental benefits, are produced in Oregon, or are raw materials sourced from Oregon.
- Directs OHCS to consult with the advisory group to develop application criteria and evaluate applications for funding.
- Appropriates funds from the Local Innovation and Fast Track (LIFT) Housing Program Fund to OHCS continuously to acquire or construct factory-produced housing for low income households.
- Specifies that \$50 million from the LIFT Housing Program Fund should be used for these purposes starting in July 1, 2025, as long as the funds are available and not already obligated for other projects and there are eligible applications for housing projects that qualify for funding.
- Directs OHCS to contract with one or more consultants or other organizations to provide engagement, education, training and technical assistance needed throughout the supply chain, including assistance provided to housing developers, contractors, architects, engineers, factory operators, local governments, research institutions, capital providers, transport providers, consumers and OHCS.
- Directs contracted consultants or organizations to convene a public-private advisory group to assist applicants for or recipients of funding, which will provide technical resources to assist with navigating regulatory frameworks, innovating project delivery mechanisms, determining technical feasibility, incorporating sustainability and resiliency into design and supporting equity and inclusion within the industry; provide systems for the transfer of knowledge necessary to set the industry up for success beyond the housing developed through the use of said funds; support industry and consumer awareness by showcasing factory-produced housing in multiple Oregon communities and building a constituency for innovative housing methods and materials; and identify sources of ongoing funding to continue these activities.
- Directs all agencies of state government to assist the contractor in performance of their duties.

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- Directs OHCS to report to the legislature by September 15, 2027 on the results and findings of the funding (including information regarding the recipients' direct construction costs, total development costs, barriers overcome, barriers identified and ability to secure additional private debt or equity partnerships), the activities of the contractor, and recommendations for legislation or funding to support factory-produced housing within the state.
- Requires recipients of funding and contractors to cooperate with OHCS to prepare the report.
- Appropriates \$650,000 to OHCS to contract consultants or organizations and prepare the report to the legislature.
- Sunsets this funding program on January 2, 2028.
- Takes effect on 91st day following adjournment sine die.

Fiscal impact: May have fiscal impact, but no statement yet issued

Revenue impact: May have revenue impact, but no statement yet issued

ISSUES DISCUSSED:

- 2023 investment in modular housing
- Potential for factory-based homes to meet the requirements of the system
- Timeline for ground preparation of sites
- Technical assistance providers and expertise
- Workforce capabilities and training

EFFECT OF AMENDMENT:

-2 The amendment mandates Network for Oregon Affordable Housing (NOAH) as the contractor. It also strengthens the advisory committee's role in project selection and evaluation and expands the technical assistance scope for recipients.

Detailed Summary:

- Removes funding preference for projects that benefit the advisory group's industry support intentions.
- The amendment modifies references from "advisory group" to "advisory committee".
- Adds that funding recipients must also cooperate with a contractor when preparing required reports.
- Specifies that the Housing and Community Services Department (OHCS) needs to contract with Network for Oregon Affordable Housing (NOAH).
- Specifies that advisory committee, convened by NOAH, will offer input on project solicitation and evaluation criteria rather than just assisting recipients.
- Requires advisory committee to include representatives from multiple agencies and private experts.
- Requires NOAH, with guidance from the advisory committee, to provide recommendations to OHCS on project selection criteria and evaluating project feasibility.
- Adds specific types of technical assistance to be provided to funding recipients, including help with regulatory compliance, securing financing, and using Oregon-sourced sustainable materials.
- Gives the contractor direct responsibility for preparing portions of the report rather than just assisting the department in preparing a report.
- Specifies that agencies must assist both OHCS and, at the director's request, the contractor.

BACKGROUND:

Factory-produced housing (also called modular, manufactured, or prefabricated housing) refers to homes built in a factory and then transported to their final site for assembly. These homes can be manufactured homes (built to federal HUD standards); modular homes (built in sections and assembled on-site), or prefabricated structures (including tiny homes and energy-efficient designs). The Local Innovation and Fast Track (LIFT) Housing Program, created in 2016, is Oregon's largest affordable housing development fund. It provides state funding to build

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affordable rental and homeownership opportunities, particularly in underserved areas like rural communities, coastal regions, and Eastern Oregon. LIFT utilizes Article XI-Q General Obligation Bonds, recognizing affordable housing as essential infrastructure. LIFT Rental supports the development of affordable rental housing for families earning at or below 60% of the Area Median Income (AMI). Funds can be used for new construction, conversion of non-residential structures, or acquisition of newer market-rate residential developments. LIFT Homeownership provides opportunities for homeownership to families earning up to 80% of the AMI.

PRELIMINARY