

## SB 51 -4, -5 STAFF MEASURE SUMMARY

### Senate Committee On Housing and Development

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**Meeting Dates:** 3/26, 3/31, 4/2

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#### WHAT THE MEASURE DOES:

The measure directs the Housing and Community Services Department to study housing.

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

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

#### ISSUES DISCUSSED:

- Current affordable housing preservation efforts within Oregon Housing and Community Services
- Type of affordable housing in need of preservation, including expiring properties, properties in financial distress, properties in need of capital repairs
- Increasing affordable housing operating expenses since 2020, including inflation, difficulty in maintaining competitive wages for staff, and rising insurance rates.
- Capacity-building support for affordable housing providers
- Timeliness of strategic intervention

#### EFFECT OF AMENDMENT:

-4 Replaces the measure.

Directs the Department to establish and maintain an affordable housing preservation program to coordinate efforts and incentives to preserve affordable housing, including publicly-supported housing and manufactured home parks. Establishes that the program should:

- Collect and maintain data on affordable housing in the state, including the status of existing affordability restrictions and rental assistance programs at publicly-supported housing;
- identify categories of affordable housing at risk of loss, including;
  - publicly-supported housing with expiring federal rent assistance contracts;
  - properties with expiring affordability restrictions;
  - properties with affordability restrictions in physical or financial distress; and
  - manufactured dwelling parks at risk of sale or closure.
- take action to promote housing stability for residents of affordable housing that is at risk of lost, or recently been lost and residents of manufactured dwelling parks at risk of sale or closure;
- establish and periodically update criteria for evaluation of affordable housing preservation; investments;
- identify and aggregate available sources of funding;
- Regularly analyze operating expenses of the existing publicly supported housing portfolio funded and/or operated by the Department to inform the Departments underwriting standards for both new construction and preservation, and to inform forecasts of preservation needs; and
- regularly update and publish an affordable housing preservation strategy framework to prepare forecast of financial need for future preservation;
- Execute the duties of the department as defined in Oregon Revised Statute 456.255-456.267 regulating the preservation efforts of affordable housing.

Directs the department to maintain data on the above preservation efforts.

Declares emergency, effective July 1, 2025.

## SB 51 -4, -5 STAFF MEASURE SUMMARY

-5 Replaces the measure.

Directs the Housing and Community Services Department (the Department) to contract with the Housing Development Center, Inc., to receive appropriations for specified purposes relating to technical assistance to publicly supported affordable housing providers. Appropriates the following amounts for the biennium beginning July 1, 2025:

- \$3 million for the purpose of improving occupancy rates, expediting move-in, preventing evictions, reducing residential turnover and enhancing the wellbeing of residents in affordable housing projects by;
  - Developing and delivering resources for training and capacity-building to improve property management operations and practices at affordable housing projects; and
  - Making grants to nonprofit corporations, federally-recognized Indian tribes in this state, local governments and housing authorities, in order to support property management staffing and operations at the recipients' affordable housing projects. Mandates that the geographic distribution of these grants must be approximately in proportion to the geographic distribution of affordable housing properties.
- \$1.3 million for the purpose of providing asset management training to nonprofit corporations, federally recognized Indian tribes in this state, local governments and housing authorities that own or operate affordable housing projects.
- Sunsets June 30, 2027.

Directs the Department develop and implement a program to advance the growth and availability of culturally responsive property management services. Appropriates \$3 million for the biennium beginning July 1, 2025 to the Department for this purpose.

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- regularly update and publish an affordable housing preservation strategy framework to prepare forecast of financial need for future preservation;
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Directs the department to maintain data on the above preservation efforts.

Declares emergency, effective July 1, 2025.

### **BACKGROUND:**

The scarcity of housing in Oregon, driven by underproduction since the financial crisis of 2008 and high population growth (nearly 11% between 2010 and 2020), has led to very little naturally-occurring (which refers to market-rate: without subsidy) affordable housing remaining in Oregon. The mismatch of supply of housing and demand for it has widened the gap between average renter-income and housing costs, such that between 2020 and 2022—according to the [State of the State's Housing Report](#) from Oregon Housing and Community Services—an additional \$2 of income went towards rent for every additional \$1 wage increase. About one affordable unit now exists for every 4.2 low- and extremely-low-income families in the state. Housing with affordability restrictions provide units to low-income tenants at below-market-rate rents, and include income limits, rent limits based on income, and affordability periods under which they are guaranteed to maintain these restrictions. The restrictions guarantee that rent is kept at no more than 30 percent of a tenant's income, any more than which they are considered "[rent-burdened.](#)" Tenants are screened for eligibility based on their income as a percentage of Area Median Income (in some cases, Median Family Income is the used).

These restrictions might expire for a variety of reasons: a unit or development previously maintained by an affordable-housing provider may be sold, or transferred to market rate. A development built with [Low Income Housing Tax Credit \(LIHTC\)](#) funds may reach its maturity in which they can transition to market-rate after a mandated-period of affordability. Oregon Housing and Community Services [report](#) that 9,582 units will expire in Oregon in the next ten years, and 56,413 have affordability restrictions that are not permanent, and will expire in the future.