

HB 2964 A STAFF MEASURE SUMMARY

Senate Committee On Housing and Development

Prepared By: Kaia Maclaren, LPRO Analyst

Meeting Dates: 5/14, 5/21

WHAT THE MEASURE DOES:

The measure creates a loan program to fund the predevelopment costs of new housing projects and requires the new housing to remain affordable for low-income households.

Detailed Summary:

Establishment of a Predevelopment Loan Program

Directs the Housing and Community Services Department (OHCS) to award loans covering the predevelopment costs associated with developing new housing.

Specifies that loans may be used to cover expenses such as

- professional services: architectural, engineering, land use planning, or legal services.
- studies: site feasibility, market, environmental, traffic, land, zoning, geotechnical, arborist, or capital needs assessments.
- development fees: entitlement, permitting, or state application fees.
- community engagement efforts.
- any additional costs that can be directly linked to specific development projects and meet departmental standards.

Prohibits loan funds from being used for the purchase of land.

Requires that the new housing must be subject to an affordability restriction that makes the property affordable for renting or owning by low-income households for a minimum period set by OCHS and may include housing that is developed as part of a limited equity cooperative.

Restricts eligibility to recipient entities that are

- public benefit or religious nonprofit corporations.
- federally recognized Indian Tribes operating within the state.
- housing authorities.
- developers who are partnering with one of the above entities.

Implementation and Coordination

Directs OHCS to complete its initial rulemaking for the loan program and develop the loan applications by June 1, 2026.

Directs OHCS to integrate existing predevelopment loan programs, including the Predevelopment Loan Program but excluding any program for agricultural workforce housing, in developing rules and implementing the new loan program.

Declares emergency, effective on passage.

Fiscal impact: Has minimal fiscal impact

Revenue impact: No revenue impact

HOUSE VOTE: Ayes, 37; Nays, 16

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Developing affordable housing in Oregon is a multi-step process that involves securing funding, navigating regulations, and coordinating construction. In the predevelopment phase, developers need to identify land – find a suitable location, often owned by a nonprofit, local government, or housing authority. Then they need to work with neighbors and stakeholders to build support and address concerns. They also need to conduct various site assessments such as surveys, environmental reviews, traffic studies, and legal analyses. Developers need to assemble funding sources, including government grants, loans, tax credits, and private investments. They also need to ensure compliance with city and county zoning laws and obtain necessary building permits. Units must be rented or sold at rates affordable to low-income households. Affordable housing agreements require long-term affordability, typically for 30-60 years, with ongoing oversight from the Oregon Housing and Community Services Department or local agencies.