

## **SB 51 A -A6 STAFF MEASURE SUMMARY**

### **Joint Committee On Ways and Means**

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**Prepared By:** Michael Graham, Fiscal Analyst

**Meeting Dates:** 6/18

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#### **WHAT THE MEASURE DOES:**

The measure directs the Housing and Community Services Department (HCSD) to contract with the Housing Development Center, Inc., for the purposes of improving occupancy rates, expediting move-ins, preventing evictions, reducing residential turnover, enhancing the well-being of residents in affordable housing projects, and providing asset management training to nonprofit corporations, federally recognized Indian tribes in Oregon, local governments, and housing authorities that own or operate affordable housing projects, through grants to operators.

The measure appropriates \$3.3 million General Fund to HCSD in the 2025-27 biennium to implement these provisions, which includes \$2 million to contract with the Housing Development Center, Inc. to enhance the well-being of residents in affordable housing projects; and \$1.3 million to contract with the Housing Development Center, Inc. to provide asset management training.

The measure also directs HCSD to establish and maintain an affordable housing preservation program to coordinate affordable housing preservation efforts, collect and analyze data regarding affordable housing at risk of loss, and identify and aggregate available sources of funding for preservation, including Article XI-Q bonds, which are not currently utilized as a financing source for affordable housing preservation. Under the measure, HCSD must regularly analyze operating expenses of the existing portfolio of publicly supported housing; and regularly update and publish an affordable housing preservation strategy framework report.

#### **ISSUES DISCUSSED:**

##### **EFFECT OF AMENDMENT:**

-A6 The -A6 amendment decreases the fiscal impact of the measure from \$7.3 million to \$3.3 million; and removes the requirement that the department develop and implement a program to advance the growth and availability of culturally responsive property management services. The amendment also fixes a drafting error in the measure.

##### **BACKGROUND:**

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% of a tenant's income, as tenants who pay more than 30% of their income 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 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, or a development built with Low Income Housing Tax Credit funds may reach its maturity and transition to market-rate after a mandated period of affordability. According to a report by HCSD, 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, requiring an estimated \$1 billion investment to preserve.