

HB 3145 A STAFF MEASURE SUMMARY

House Committee On Housing and Homelessness

Action Date: 03/24/25

Action: Do pass with amendments and be referred to Ways and Means by prior reference.
(Printed A-Eng.)

Vote: 10-0-2-0

Yeas: 10 - Andersen, Breese-Iverson, Dobson, Edwards, Fragala, Gamba, Levy E, Mannix, Marsh, Sosa

Exc: 2 - Helfrich, Javadi

Fiscal: Fiscal impact issued

Revenue: No revenue impact

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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 Housing Program Fund to support the construction or acquisition of factory-produced housing for low-income households in up to five locations. It authorizes the agency to prioritize projects using Oregon-based developers, environmentally friendly materials, and geographically diverse locations. 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 (LIFT) 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, includes coastal and eastern Oregon communities, or is sited in more than one location; or
- uses materials that are nontraditional (including mass timber); 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 committee to develop application criteria and evaluate applications for funding.

Requires funding recipients to cooperate with OHCS and the contractor when preparing the report on results and findings of funds spent for factory-produced housing for low-income households.

Appropriates funds from 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.

Directs OHCS to contract with Network for Oregon Affordable Housing (NOAH) to convene a public-private advisory committee to offer input and guidance on project solicitation processes and criteria.

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Requires advisory committee to include representation from the Department of Land Conservation and Development, the Building Codes Division of the Department of Consumer and Business Services, the Oregon Housing Stability Council, and local governments, as well as private firms and individuals with subject matter expertise related to housing development and finance as well as modular and manufactured housing production and installation.

Directs NOAH, in consultation with the advisory committee, to

- Provide OHCS with recommendations for criteria for selecting projects to receive funding and for evaluating the feasibility and appropriateness of proposals.
- Arrange for the provision of technical assistance to recipients of funding (such as navigating regulatory frameworks, accessing interim and long-term financial resources, procuring Oregon-sourced sustainable materials, or establishing technical specifications needed for on-site delivery and installation, and establishing systems of compliance related to the use of LIFT Housing Program Fund moneys.
- Provide systems for the transfer of knowledge necessary to set the industry up for success beyond the housing developed through this project.
- Support industry and consumer awareness by showcasing factory-produced housing in multiple Oregon communities and building a constituency for innovative housing methods and materials.
- Identify potential sources of ongoing funding to continue the activities under this subsection.

Directs NOAH to create the portions of the report on results and findings of funds spent for factory-produced housing for low-income households.

Directs all agencies of state government, upon request, to assist OHCS or NOAH to acquire or construct factory-produced housing for low-income households.

Directs OHCS to report to the legislature by September 15, 2027, on

- the results and findings of the funds used for factory-produced housing for low income households (including direct construction costs and total development costs);
- the results and findings of the efforts by the recipients of funds related to 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.

Appropriates \$650,000 to OHCS to enter into contract with NOAH and prepare the report to the legislature.

Sunsets this funding program on January 2, 2028.

Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- 2023 legislative 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:

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.
- Modifies references from "advisory group" to "advisory committee."

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- 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 House and Urban Development 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 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 percent 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 percent of the AMI.