

## SB 1567 A STAFF MEASURE SUMMARY

### Joint Committee On Ways and Means

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**Prepared By:** Michelle Deister, Budget Analyst

**Meeting Dates:** 2/24, 2/25

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#### WHAT THE MEASURE DOES:

The measure directs Oregon Housing and Community Services (OHCS) to develop and implement a program to provide below-market, short-term loans for the development of mixed-income housing and adopt rules for the program. It also creates the Mixed Income Development Loan Fund. The measure takes effect on the 91st day following adjournment sine die.

#### Detailed summary:

- Requires mixed-income developments that receive money through the program to include some number of affordable housing units, made affordable through an affordable housing covenant, with the proportion and duration of affordability to be set by OHCS in rulemaking
- Requires OHCS to adopt rules for the program's implementation, interest rates, loan terms, and eligibility by January 1, 2027
- Requires any loans made through the program to be subordinate to any existing or concurrently made loans on the property, unless the private lenders agree otherwise
- Allows OHCS to finance mixed-income housing projects, as long as the development contains one or more units rented to households with incomes at or below 120 percent of the area median income (AMI)

#### ISSUES DISCUSSED:

- Transfer of \$20 million from the Housing Project Revolving Loan Fund to the Mixed Income Development Loan Fund.

#### EFFECT OF AMENDMENT:

The -A3 amendment transfers \$20 million from the Housing Project Revolving Loan Fund to the Mixed Income Development Loan Fund established in section 3 of the measure.

#### BACKGROUND:

Oregon has several established revolving loan funds that are generally used to provide flexible financing at lower-than-market interest rates to spur the development of housing, infrastructure, and other capital-intensive public goods. Revolving loan funds cycle returning loan payments and accrued interest back into the fund to finance new projects. In this way, these funds are intended to be self-sustaining after initial investment. Examples of state-created revolving loan funds include the Port Revolving Loan Fund, the Clean Water State Revolving Fund, and the Oregon Business Development Fund. The Moderate-Income Revolving Loan (MIRL) program, also known as the Housing Project Revolving Loan Fund and created by [Senate Bill 1537 \(2024\)](#), within OHCS can be used to finance developments serving households earning up to 120 percent of AMI.