



Legislative Fiscal Office
 83rd Oregon Legislative Assembly
 2026 Regular Session

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Bill Title: Relating to mixed income housing; prescribing an effective date.

Government Unit(s) Affected: Housing and Community Services Department

Summary of Fiscal Impact:

Costs related to the measure may require budgetary action - see analysis.

Measure Description

The measure transfers \$20 million Other Funds from the Housing Project Revolving Loan Fund to the Mixed Income Development Loan Fund. The measure establishes the Mixed Income Development Loan Fund, which is continuously appropriated to the Housing and Community Services Department (HCSD) to develop and administer a new program that provides below-market, short-term loans for the development of mixed income housing. HCSD is to adopt rules that establish program eligibility criteria; the method by which the interest rates and terms are set; the proportion of housing units that must be restricted units; the minimum duration for which restricted units must be affordable, which must be at least the term of the loan; and the means by which a project that receives a loan ensures affordability of restricted units through an affordable housing covenant.

Loans made under this program shall be made subordinate to any existing or concurrently made private loan on the property, unless the private lender agrees otherwise. HCSD is to deposit payments made under the program into the Mixed Income Development Loan Fund, which consists of deposit payments for below-market, short term loans; moneys appropriated, allocated, deposited, or transferred to the fund by the Legislature; authorized bond proceeds; and moneys from any other source, including from the federal government or local government. Interest earnings shall be credited to the fund.

Fiscal Analysis

The fiscal impact for HCSD is \$20 million Other Funds in the 2025-27 biennium and no fiscal impact in the 2027-29 biennium.

The measure establishes a new program and transfers \$20 million to a continuously appropriated fund from which to administer below-market, short-term loans for the development of mixed income housing. HCSD will implement this program with existing staff associated with its direct lending program approved pursuant to SB 684 (2025). The 2026 omnibus budget reconciliation bill (HB 5204) contains a decrease of \$20 million Other Funds expenditure limitation for the Housing Project Revolving Loan Fund, and a corresponding increase of \$20 million Other Funds expenditure limitation for the Mixed Income Development Loan Fund. Assuming this measure and HB 5204 both become law, there would be a net zero change in expenditure limitation for the agency in the 2025-27 biennium.

Section 2(4) of the measure states that the loans must be made subordinate to any existing or concurrently made private loan on the property, unless the private lender agrees otherwise. The Legislative Fiscal Office notes that this provision may have an impact on the cost of borrowing under the program, depending how loans are financed, and the amounts of private capital and equity included in each project.

Relevant Dates

The measure takes effect on the 91st day after sine die.

The transfer to the Mixed Income Development Loan Fund will be made on the effective date of the measure.