

A-Engrossed
House Bill 4036

Ordered by the House February 12
Including House Amendments dated February 12

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on Housing and Homelessness for Representative Pam Marsh)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: This Act sets up a bond fund to preserve low-cost housing and requires OHCS to report on low-cost housing barriers. (Flesch Readability Score: 63.8).

Establishes the [*Preserve Affordable Homes for Oregon*] **Housing Opportunity, Longevity and Durability Fund** to deposit Article XI-Q bonds to be used by the **Housing and Community Services Department** to preserve affordable housing at risk of loss. **Authorizes the State Treasurer to issue \$100 million in bonds for the fund for the 2025-2027 biennium.**

Requires the [*Housing and Community Services*] department to, with input from stakeholders, report to the interim committees of the Legislative Assembly relating to housing on or before December 1, 2026, on legal and policy barriers to affordable housing production.

Declares an emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to affordable housing; creating new provisions; amending ORS 456.559 and 456.824 and
3 section 1, chapter 630, Oregon Laws 2025; and declaring an emergency.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1. Section 2 of this 2026 Act is added to and made a part of ORS 456.766 to**
6 **456.828.**

7 **SECTION 2. (1) The Housing Opportunity, Longevity and Durability Fund is established**
8 **in the State Treasury, separate and distinct from the General Fund. Interest earned on**
9 **moneys in the Housing Opportunity, Longevity and Durability Fund shall be credited to the**
10 **fund.**

11 **(2) The fund consists of moneys deposited into the fund from bonds issued by the State**
12 **Treasurer pursuant to ORS 286A.035 for the Housing and Community Services Department**
13 **to be used for affordable housing preservation.**

14 **(3) Moneys in the fund are continuously appropriated to the department to:**

15 **(a) Acquire, construct, remodel, repair, equip or furnish affordable housing at risk of**
16 **loss, as described in ORS 456.824 (2), that is or will be owned or operated, as those terms are**
17 **defined in ORS 458.480, by the State of Oregon for the purpose of providing affordable hous-**
18 **ing;**

19 **(b) Pay the costs incurred by the department to administer the fund; and**

20 **(c) Pay bond-related costs, as defined in ORS 286A.816.**

21 **SECTION 3. On or before December 1, 2026, the Housing and Community Services De-**
22 **partment shall submit a report in the manner provided by ORS 192.245 to the interim com-**
23 **mittees of the Legislative Assembly related to housing that incorporates feedback from key**

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 stakeholders, including affordable housing providers, finance entities and tenant advocates,
2 and that:

3 (1) Evaluates the impact of and offers improvements to any state laws or practices, pol-
4 icies or rules of the department that negatively impact the efficiency, effectiveness and cost
5 of operating affordable housing, including impacts to leasing, screening applicants, filling
6 vacancies, maintaining tenant wait lists, recertifying tenants, conducting inspections, col-
7 lecting rent, managing property and complying with regulations; and

8 (2) Evaluates opportunities to streamline, reduce or eliminate reporting requirements of
9 affordable housing providers for state and federal programs and funding sources that are
10 administered by the department.

11 **SECTION 4.** ORS 456.824 is amended to read:

12 456.824. The Housing and Community Services Department shall establish and maintain an af-
13 fordable housing preservation program to coordinate affordable housing preservation efforts and
14 incentivize the analysis and preservation of affordable housing, including publicly supported housing
15 and manufactured dwelling parks. Under the program, the department shall:

16 (1) Collect and maintain data from local, state and federal sources on affordable housing in this
17 state, including the status of existing affordability restrictions and rental assistance contracts at
18 publicly supported housing.

19 (2) Identify categories of affordable housing at risk of loss, including:

20 (a) Properties with expiring federal rent assistance contracts;

21 (b) Properties with expiring affordability restrictions;

22 (c) Properties with affordability restrictions in [*physical or financial distress*] **financial or**
23 **physical distress, including physical distress that requires rehabilitation, repair or replace-**
24 **ment of such building systems, components or materials that have exceeded, or within a**
25 **reasonable period will exceed, their effective useful lives;** and

26 (d) Manufactured dwelling parks at risk of sale or closure.

27 (3) Take actions to promote housing stability, for residents of:

28 (a) Affordable housing that is at risk of loss or that has been recently lost; or

29 (b) Residents of manufactured dwelling parks or marinas at risk of sale or closure.

30 (4) Establish and periodically update evaluation criteria for affordable housing preservation [*in-*
31 *vestments*].

32 (5) Identify and aggregate available sources of funding, including moneys available from federal
33 and private grants or programs, appropriations by the Legislative Assembly, existing funds of the
34 department or financing available from Article XI-Q bond proceeds under ORS 286A.824 or 458.480
35 to 458.490 **or section 2 of this 2026 Act** or proceeds of other bonds issued by the State Treasurer,
36 and use such sources of funding to implement preservation [*investments for*] **of** affordable housing in
37 accordance with the established evaluation criteria.

38 (6) Regularly analyze operating expenses of the existing portfolio of publicly supported housing
39 that is funded by the department to inform the department's underwriting standards for financing
40 the construction of new and the preservation of existing publicly supported housing and to inform
41 forecasts of preservation funding needs.

42 (7) Regularly update and publish an affordable housing preservation strategy framework report
43 that includes information identified in subsections (1) and (2) of this section and forecasts the fi-
44 nancial need to preserve affordable housing.

45 (8) Execute the duties of the department under ORS 456.766 to 456.828.

1 **SECTION 5.** Section 1, chapter 630, Oregon Laws 2025, is amended to read:

2 **Sec. 1.** The amounts authorized, as provided by ORS 286A.035, for issuance of general obligation
 3 bonds of the state during the 2025-2027 biennium are as follows:

4
 5 **GENERAL OBLIGATION BONDS**

6 General Fund Obligations

- 7 (1) Higher Education Coordinating
 8 Commission (Art. XI-G):
- 9 (a) Clackamas Community College,
 10 Center for Excellence for
 11 Farming, Horticulture and
 12 Wildland Fire \$ 8,085,000
- 13 (b) Klamath Community College,
 14 Cosmetology ADA
 15 Remediation \$ 4,045,000
- 16 (c) Mt. Hood Community College,
 17 Classroom and Lab
 18 Renovations \$ 8,085,000
- 19 (d) Clatsop Community College,
 20 Maritime Science Building..... \$ 7,985,000
- 21 (e) Southwestern Oregon
 22 Community College, Student
 23 Uplift and Collaboration
 24 Create Expanded Support
 25 Success..... \$ 8,085,000
- 26 (f) Portland State University,
 27 Portland Center for the
 28 Performing Arts Academic
 29 Building \$ 85,660,000
- 30 (g) University of Oregon, Child
 31 Behavioral Health Building \$ 17,920,000
- 32 (h) Southern Oregon University,
 33 Creative Industries/Student
 34 Success..... \$ 2,485,000
- 35 (i) Western Oregon University,
 36 Data Center \$ 715,000
- 37 (2) Oregon Business Development
 38 Department (Art. XI-M) \$ 100,910,000
- 39 (3) Oregon Business Development
 40 Department (Art. XI-N)..... \$ 50,580,000
- 41 (4) Department of Education
 42 (Art. XI-P) \$ 50,455,000
- 43 (5) Oregon Department of
 44 Administrative
 45 Services (Art. XI-Q):

1	(a) Housing and Community	
2	Services Department:	
3	(A) Local Innovation and Fast	
4	Track (LIFT) Affordable	
5	Rental Housing Program.....	\$ 468,220,000
6	(B) Local Innovation and Fast	
7	Track (LIFT) Homeownership	
8	Program.....	\$ 100,910,000
9	(C) Permanent Supportive	
10	Housing Program.....	\$ 80,760,000
11	(D) Housing Opportunity,	
12	Longevity and Durability	
13	Fund.....	\$ 100,000,000
14	(b) Department of Corrections:	
15	(A) Capital Improvement and	
16	Renewal.....	\$ 50,455,000
17	(B) Computerized Maintenance	
18	Management System.....	\$ 2,285,000
19	(C) Institution Staff Deployment	
20	System Replacement (ISDS).....	\$ 625,000
21	(D) Wireless Communication	
22	System.....	\$ 13,040,000
23	(c) State Forestry Department:	
24	(A) Klamath Fire Cache	
25	Warehouse Replacement.....	\$ 1,723,800
26	(B) Santiam Facility Replacement,	
27	Phase I.....	\$ 1,115,400
28	(C) State Forester, Office	
29	Building Restoration.....	\$ 520,200
30	(D) Toledo Facility Replacement,	
31	Phase III.....	\$ 2,542,388
32	(E) Veneta Campus Remodel.....	\$ 4,404,427
33	(d) State Department of	
34	Fish and Wildlife:	
35	(A) Capital Improvements,	
36	Hatchery Facilities.....	\$ 20,180,000
37	(B) North Willamette Watershed	
38	District Office.....	\$ 5,320,000
39	(e) Oregon Health Authority,	
40	Oregon State Hospital	
41	Capital Improvements	
42	and Equipment.....	\$ 7,545,000
43	(f) Judicial Department,	
44	Morrow County Courthouse.....	\$ 2,535,000
45	(g) Oregon Military Department:	

1	(A) Medford Field Maintenance		
2	Shop.....	\$	6,680,000
3	(B) Klamath Falls Readiness		
4	Center	\$	2,035,000
5	(C) Linn County Readiness		
6	Center	\$	7,080,000
7	(h) Department of State Police:		
8	(A) Area Command Center		
9	Property Acquisition	\$	3,540,000
10	(B) Springfield Patrol Area		
11	Command Office.....	\$	7,360,000
12	(i) Oregon Youth Authority:		
13	(A) Capital Improvements,		
14	All Facilities.....	\$	5,070,000
15	(B) CCTV and Access Control		
16	Improvement, Phase IV.....	\$	5,630,000
17	(C) JJIS IT System		
18	Modernization	\$	12,295,000
19	(D) MacLaren Infirmery and		
20	Pharmacy Renovation and		
21	Expansion.....	\$	2,735,000
22	(E) Camp Riverbend Dorm		
23	Renovation	\$	8,960,000
24	(F) MacLaren West Cottages		
25	Renovations	\$	4,045,000
26	(G) Oak Creek Youth Correctional		
27	Facility.....	\$	4,045,000
28	(H) Tillamook Dorm Renovation.....	\$	12,015,000
29	(I) Tillamook Medical and Dental		
30	Renovations	\$	825,000
31	(j) Department of Public Safety		
32	Standards and Training:		
33	(A) Learning Management		
34	System.....	\$	3,510,000
35	(B) Deferred Maintenance.....	\$	3,280,000
36	(k) Department of Environmental		
37	Quality, Laboratory and		
38	Monitoring Equipment	\$	1,350,000
39	(L) Higher Education Coordinating		
40	Commission:		
41	(A) Public Universities Capital		
42	Improvement and Renewal.....	\$	120,930,000
43	(B) University of Oregon, Child		
44	Behavioral Health Building.....	\$	35,855,000
45	(C) Southern Oregon University,		

1	Creative Industries/Student		
2	Success.....	\$	38,470,000
3	(D) Western Oregon University,		
4	Data Center.....	\$	12,555,000
5	(m) State Department of		
6	Agriculture, Project		
7	OneODA	\$	6,185,000
8	(n) Oregon Public Defense		
9	Commission, Financial Case		
10	Management System.....	\$	13,915,000
11	(o) Department of Justice,		
12	Legal Tools Replacement		
13	System 3.0.....	\$	13,455,000
14	(p) Department of Revenue,		
15	Electronic Valuation		
16	Information System.....	\$	2,035,000
17	(q) Oregon Department of Emergency		
18	Management, Resiliency Grant		
19	Fund established under		
20	ORS 401.552.....	\$	10,140,000
21	(r) Oregon Business Development		
22	Department, Coos Bay Channel		
23	Modification.....	\$	100,815,000
24	(6) Department of		
25	Transportation (Art. XI,		
26	section 7), Interstate 5		
27	Bridge Replacement Project	\$	251,825,000
28	<u>Dedicated Fund Obligations</u>		
29	(7) Department of Veterans'		
30	Affairs (Art. XI-A).....	\$	116,000,000
31	(8) Higher Education Coordinating		
32	Commission (Art. XI-F(1)):		
33	(a) Portland State University,		
34	Portland Center for the		
35	Performing Arts Parking		
36	Structure	\$	53,010,000
37	(b) Portland State University,		
38	Student Housing	\$	85,660,000
39	(9) Department of Environmental		
40	Quality (Art. XI-H).....	\$	20,080,000
41	(10) Housing and Community		
42	Services Department		
43	(Art. XI-I(2)).....	\$	50,000,000
44	(11) Oregon Department of		
45	Administrative Services		

1	(Art. XI-Q):	
2	(a) Oregon Department of	
3	Administrative Services,	
4	Labor and Industries Building	
5	Renovation and Seismic	
6	Upgrade	\$ 126,080,000
7	(b) State Forestry Department:	
8	(A) Klamath Fire Cache Warehouse	
9	Replacement	\$ 3,346,200
10	(B) Santiam Facility Replacement,	
11	Phase I.....	\$ 3,954,600
12	(C) State Forester, Office	
13	Building Restoration.....	\$ 1,009,800
14	(D) Toledo Facility Replacement,	
15	Phase III.....	\$ 3,532,612
16	(E) Veneta Campus Remodel.....	\$ 6,430,573
17	(c) Department of Veterans'	
18	Affairs:	
19	(A) Department of Veterans'	
20	Affairs Salem HVAC	
21	Controls Replacement,	
22	Phase II	\$ 1,585,000
23	(B) Department of Veterans'	
24	Affairs Salem Roof	
25	Replacement	\$ 1,230,000
26	(d) Oregon Liquor and Cannabis	
27	Commission:	
28	(A) Liquor Warehouse Management	
29	Management IT System	\$ 8,090,000
30	(B) Liquor Warehouse Conveyor	
31	System.....	\$ 10,125,000
32	(C) Liquor Warehouse Land	
33	and Building	\$ 46,330,000
34	<u>Total General Obligation</u>	
35	<u>[Bonds.....</u>	<u>\$2,340,290,000]</u>
36	<u>Bonds.....</u>	<u>\$2,440,290,000</u>

37 **SECTION 6.** ORS 456.559 is amended to read:
 38 456.559. (1) The Housing and Community Services Department shall:
 39 (a) Maintain current housing data and information concerning available programs, status of
 40 funding, programs planned or undertaken which might conflict with, overlap, duplicate or supersede
 41 other planned or existing programs and call these to the attention of appropriate state agencies,
 42 governmental bodies and public or private housing sponsors.
 43 (b) Maintain current data on publicly supported housing as provided under ORS 456.824.
 44 (c) Provide to appropriate state agencies, governmental bodies and public or private housing
 45 sponsors such advisory and educational services as will assist them in the development of housing

1 plans and projects.

2 (d) Subject to the approval of the Oregon Housing Stability Council, make noninterest bearing
3 advances, in accordance with ORS 456.710 and the policies of the department, to qualified nonprofit
4 sponsors for development costs of housing projects until mortgage funds are released to repay the
5 advances as provided in ORS 456.710.

6 (e) Advise and assist appropriate state agencies, governmental bodies and public or private
7 housing sponsors, cities and counties, in all programs and activities which are designed or might
8 tend to fulfill the purposes of ORS 456.548 to 456.828 and ORS chapter 458.

9 (f) Encourage and assist in the planning, development, construction, rehabilitation and conser-
10 vation of dwelling units for persons and families of lower income.

11 (g) Be the central state department to apply for, receive and distribute, on behalf of appropriate
12 state agencies, governmental bodies and public or private housing sponsors in the state, grants, gifts,
13 contributions, loans, credits or assistance from the federal government or any other source for
14 housing programs except when the donor, grantor, or lender of such funds specifically directs some
15 other agency to administer them. Moneys received under this section shall be deposited with the
16 State Treasurer in an account separate and distinct from the General Fund. Interest earned by the
17 account shall be credited to the account.

18 (h) For the purposes of acquiring moneys, credits or other assistance from any agency or
19 instrumentality of the United States or from any public corporation chartered by the United States,
20 comply with any applicable agreements or restrictions for the receipt of such assistance and become
21 a member of any such association or public corporation chartered by the United States.

22 (i) Assist individuals, appropriate state agencies, governmental bodies and public or private
23 housing sponsors through a program which provides housing information, planning, educational
24 services and technical assistance.

25 (j) Comply with the requirements of ORS 443.225 in assisting in the development of any housing
26 for residential care, training or treatment for persons with intellectual or developmental disabilities
27 or mental or emotional disturbances.

28 (2) Except as otherwise provided in ORS 456.625 (7), 456.766 to 456.828, 458.315 (3) and 458.480
29 to 458.490 **and section 2 of this 2026 Act**, the department may not itself develop, construct, reha-
30 bilitate or conserve housing units; and neither the department nor any housing sponsor, including
31 but not limited to any association, corporation, cooperative housing authority or urban renewal
32 agency organized to provide housing and other facilities under ORS 456.548 to 456.828, may own,
33 acquire, construct, purchase, lease, operate or maintain utility facilities, including facilities for the
34 generation of electricity, for the distribution of gas and electricity, and for the conveyance of tele-
35 phone and telegraph messages.

36 (3) In accordance with the provisions of this section and with the advice of the council, the
37 department shall establish statewide priorities for housing programs. State agencies shall coordinate
38 their housing programs with the department. All state agencies intending to apply for federal funds
39 for use in planning, developing or managing housing, or rendering assistance to governmental bodies
40 or sponsors or individuals involved therein shall submit a description of the proposed activity to the
41 department for review not less than 30 days prior to the intended date of submission of the appli-
42 cation to the federal agency. The department shall determine whether the proposal would result in
43 a program that would overlap, duplicate or conflict with any other housing program in the state. If
44 the department finds overlapping or duplication or conflict, it shall recommend modifications in the
45 application. The Oregon Department of Administrative Services shall consider these recommen-

1 dations in making its decision to approve or disapprove the application. The department shall com-
2 plete its review and forward its recommendations within 15 working days after receipt of the
3 notification. Failure of the department to complete the review within that time shall constitute ap-
4 proval of the application by the department.

5 (4) The Director of the Housing and Community Services Department may participate in dis-
6 cussions and deliberations of the council. The director may suggest policies to the council, including
7 those necessary to stimulate and increase the supply of housing for persons and families of lower
8 income.

9 **SECTION 7. This 2026 Act being necessary for the immediate preservation of the public**
10 **peace, health and safety, an emergency is declared to exist, and this 2026 Act takes effect**
11 **on its passage.**

12 _____