

House Bill 4036

Introduced and printed pursuant to House Rule 12.00. Presession 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 **as introduced**. 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 Fund to deposit Article XI-Q bonds to be used to preserve affordable housing at risk of loss.

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.

1 A BILL FOR AN ACT

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 Preserve Affordable Homes for Oregon Fund is established in the**
8 **State Treasury, separate and distinct from the General Fund. Interest earned on moneys in**
9 **the Preserve Affordable Homes for Oregon Fund shall be credited to the fund.**

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

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

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

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

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

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

25 **(1) Evaluates and offers improvements to any state laws or practices, policies or rules**
26 **of the department that negatively impact the efficiency and cost of providing affordable**
27 **housing; and**

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 **(2) Evaluates opportunities to streamline federal compliance or reporting requirements**
2 **of affordable housing providers that are administered by the department.**

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

4 456.824. The Housing and Community Services Department shall establish and maintain an af-
5 fordable housing preservation program to coordinate affordable housing preservation efforts and
6 incentivize the analysis and preservation of affordable housing, including publicly supported housing
7 and manufactured dwelling parks. Under the program, the department shall:

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

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

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

13 (b) Properties with expiring affordability restrictions;

14 (c) Properties with affordability restrictions in physical or financial distress; and

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

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

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

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

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

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

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

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

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

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

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

39 **GENERAL OBLIGATION BONDS**

40 **General Fund Obligations**

41 (1) Higher Education Coordinating
42 Commission (Art. XI-G):

43 (a) Clackamas Community College,
44 Center for Excellence for
45 Farming, Horticulture and

1 Wildland Fire \$ 8,085,000
2 (b) Klamath Community College,
3 Cosmetology ADA
4 Remediation \$ 4,045,000
5 (c) Mt. Hood Community College,
6 Classroom and Lab
7 Renovations \$ 8,085,000
8 (d) Clatsop Community College,
9 Maritime Science Building..... \$ 7,985,000
10 (e) Southwestern Oregon
11 Community College, Student
12 Uplift and Collaboration
13 Create Expanded Support
14 Success..... \$ 8,085,000
15 (f) Portland State University,
16 Portland Center for the
17 Performing Arts Academic
18 Building \$ 85,660,000
19 (g) University of Oregon, Child
20 Behavioral Health Building..... \$ 17,920,000
21 (h) Southern Oregon University,
22 Creative Industries/Student
23 Success..... \$ 2,485,000
24 (i) Western Oregon University,
25 Data Center..... \$ 715,000
26 (2) Oregon Business Development
27 Department (Art. XI-M) \$ 100,910,000
28 (3) Oregon Business Development
29 Department (Art. XI-N)..... \$ 50,580,000
30 (4) Department of Education
31 (Art. XI-P) \$ 50,455,000
32 (5) Oregon Department of
33 Administrative
34 Services (Art. XI-Q):
35 (a) Housing and Community
36 Services Department:
37 (A) Local Innovation and Fast
38 Track (LIFT) Affordable
39 Rental Housing Program \$ 468,220,000
40 (B) Local Innovation and Fast
41 Track (LIFT) Homeownership
42 Program \$ 100,910,000
43 (C) Permanent Supportive
44 Housing Program..... \$ 80,760,000
45 (D) **Preserve Affordable Homes**

1 **for Oregon Fund..... \$ _____**

2 (b) Department of Corrections:

3 (A) Capital Improvement and

4 Renewal..... \$ 50,455,000

5 (B) Computerized Maintenance

6 Management System..... \$ 2,285,000

7 (C) Institution Staff Deployment

8 System Replacement (ISDS)..... \$ 625,000

9 (D) Wireless Communication

10 System..... \$ 13,040,000

11 (c) State Forestry Department:

12 (A) Klamath Fire Cache

13 Warehouse Replacement..... \$ 1,723,800

14 (B) Santiam Facility Replacement,

15 Phase I..... \$ 1,115,400

16 (C) State Forester, Office

17 Building Restoration..... \$ 520,200

18 (D) Toledo Facility Replacement,

19 Phase III..... \$ 2,542,388

20 (E) Veneta Campus Remodel..... \$ 4,404,427

21 (d) State Department of

22 Fish and Wildlife:

23 (A) Capital Improvements,

24 Hatchery Facilities..... \$ 20,180,000

25 (B) North Willamette Watershed

26 District Office..... \$ 5,320,000

27 (e) Oregon Health Authority,

28 Oregon State Hospital

29 Capital Improvements

30 and Equipment..... \$ 7,545,000

31 (f) Judicial Department,

32 Morrow County Courthouse..... \$ 2,535,000

33 (g) Oregon Military Department:

34 (A) Medford Field Maintenance

35 Shop..... \$ 6,680,000

36 (B) Klamath Falls Readiness

37 Center..... \$ 2,035,000

38 (C) Linn County Readiness

39 Center..... \$ 7,080,000

40 (h) Department of State Police:

41 (A) Area Command Center

42 Property Acquisition..... \$ 3,540,000

43 (B) Springfield Patrol Area

44 Command Office..... \$ 7,360,000

45 (i) Oregon Youth Authority:

1	(A)	Capital Improvements,	
2		All Facilities.....	\$ 5,070,000
3	(B)	CCTV and Access Control	
4		Improvement, Phase IV.....	\$ 5,630,000
5	(C)	JJIS IT System	
6		Modernization	\$ 12,295,000
7	(D)	MacLaren Infirmary and	
8		Pharmacy Renovation and	
9		Expansion.....	\$ 2,735,000
10	(E)	Camp Riverbend Dorm	
11		Renovation	\$ 8,960,000
12	(F)	MacLaren West Cottages	
13		Renovations	\$ 4,045,000
14	(G)	Oak Creek Youth Correctional	
15		Facility.....	\$ 4,045,000
16	(H)	Tillamook Dorm Renovation.....	\$ 12,015,000
17	(I)	Tillamook Medical and Dental	
18		Renovations	\$ 825,000
19	(j)	Department of Public Safety	
20		Standards and Training:	
21	(A)	Learning Management	
22		System.....	\$ 3,510,000
23	(B)	Deferred Maintenance.....	\$ 3,280,000
24	(k)	Department of Environmental	
25		Quality, Laboratory and	
26		Monitoring Equipment	\$ 1,350,000
27	(L)	Higher Education Coordinating	
28		Commission:	
29	(A)	Public Universities Capital	
30		Improvement and Renewal.....	\$ 120,930,000
31	(B)	University of Oregon, Child	
32		Behavioral Health Building	\$ 35,855,000
33	(C)	Southern Oregon University,	
34		Creative Industries/Student	
35		Success.....	\$ 38,470,000
36	(D)	Western Oregon University,	
37		Data Center	\$ 12,555,000
38	(m)	State Department of	
39		Agriculture, Project	
40		OneODA	\$ 6,185,000
41	(n)	Oregon Public Defense	
42		Commission, Financial Case	
43		Management System.....	\$ 13,915,000
44	(o)	Department of Justice,	
45		Legal Tools Replacement	

1	System 3.0.....	\$ 13,455,000
2	(p) Department of Revenue, Electronic Valuation Information System.....	\$ 2,035,000
3		
4	(q) Oregon Department of Emergency Management, Resiliency Grant Fund established under ORS 401.552.....	\$ 10,140,000
5		
6	(r) Oregon Business Development Department, Coos Bay Channel Modification.....	\$ 100,815,000
7		
8	(6) Department of Transportation (Art. XI, section 7), Interstate 5 Bridge Replacement Project.....	\$ 251,825,000
9		
10	<u>Dedicated Fund Obligations</u>	
11		
12	(7) Department of Veterans' Affairs (Art. XI-A).....	\$ 116,000,000
13		
14	(8) Higher Education Coordinating Commission (Art. XI-F(1)):	
15		
16	(a) Portland State University, Portland Center for the Performing Arts Parking Structure	\$ 53,010,000
17		
18	(b) Portland State University, Student Housing	\$ 85,660,000
19		
20	(9) Department of Environmental Quality (Art. XI-H).....	\$ 20,080,000
21		
22	(10) Housing and Community Services Department (Art. XI-I(2)).....	\$ 50,000,000
23		
24	(11) Oregon Department of Administrative Services (Art. XI-Q):	
25		
26	(a) Oregon Department of Administrative Services, Labor and Industries Building Renovation and Seismic Upgrade	\$ 126,080,000
27		
28	(b) State Forestry Department: (A) Klamath Fire Cache Warehouse Replacement	\$ 3,346,200
29		
30	(B) Santiam Facility Replacement, Phase I.....	\$ 3,954,600
31		
32	(C) State Forester, Office	
33		

1	Building Restoration.....	\$ 1,009,800
2	(D) Toledo Facility Replacement,	
3	Phase III.....	\$ 3,532,612
4	(E) Veneta Campus Remodel.....	\$ 6,430,573
5	(c) Department of Veterans'	
6	Affairs:	
7	(A) Department of Veterans'	
8	Affairs Salem HVAC	
9	Controls Replacement,	
10	Phase II	\$ 1,585,000
11	(B) Department of Veterans'	
12	Affairs Salem Roof	
13	Replacement	\$ 1,230,000
14	(d) Oregon Liquor and Cannabis	
15	Commission:	
16	(A) Liquor Warehouse Management	
17	Management IT System	\$ 8,090,000
18	(B) Liquor Warehouse Conveyor	
19	System.....	\$ 10,125,000
20	(C) Liquor Warehouse Land	
21	and Building	\$ 46,330,000
22	<u>Total General Obligation</u>	
23	<u>Bonds</u>	\$ 2,340,290,000

SECTION 6. ORS 456.559 is amended to read:

456.559. (1) The Housing and Community Services Department shall:

(a) Maintain current housing data and information concerning available programs, status of funding, programs planned or undertaken which might conflict with, overlap, duplicate or supersede other planned or existing programs and call these to the attention of appropriate state agencies, governmental bodies and public or private housing sponsors.

(b) Maintain current data on publicly supported housing as provided under ORS 456.824.

(c) Provide to appropriate state agencies, governmental bodies and public or private housing sponsors such advisory and educational services as will assist them in the development of housing plans and projects.

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

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

(f) Encourage and assist in the planning, development, construction, rehabilitation and conservation of dwelling units for persons and families of lower income.

(g) Be the central state department to apply for, receive and distribute, on behalf of appropriate state agencies, governmental bodies and public or private housing sponsors in the state, grants, gifts, contributions, loans, credits or assistance from the federal government or any other source for

1 housing programs except when the donor, grantor, or lender of such funds specifically directs some
2 other agency to administer them. Moneys received under this section shall be deposited with the
3 State Treasurer in an account separate and distinct from the General Fund. Interest earned by the
4 account shall be credited to the account.

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

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

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

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

23 (3) In accordance with the provisions of this section and with the advice of the council, the
24 department shall establish statewide priorities for housing programs. State agencies shall coordinate
25 their housing programs with the department. All state agencies intending to apply for federal funds
26 for use in planning, developing or managing housing, or rendering assistance to governmental bodies
27 or sponsors or individuals involved therein shall submit a description of the proposed activity to the
28 department for review not less than 30 days prior to the intended date of submission of the appli-
29 cation to the federal agency. The department shall determine whether the proposal would result in
30 a program that would overlap, duplicate or conflict with any other housing program in the state. If
31 the department finds overlapping or duplication or conflict, it shall recommend modifications in the
32 application. The Oregon Department of Administrative Services shall consider these recommen-
33 dations in making its decision to approve or disapprove the application. The department shall com-
34 plete its review and forward its recommendations within 15 working days after receipt of the
35 notification. Failure of the department to complete the review within that time shall constitute ap-
36 proval of the application by the department.

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

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