

# 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.

## A BILL FOR AN ACT

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

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

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

**SECTION 2. (1) The Preserve Affordable Homes for Oregon Fund is established in the State Treasury, separate and distinct from the General Fund. Interest earned on moneys in the Preserve Affordable Homes for Oregon Fund shall be credited to the fund.**

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

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

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

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

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

**SECTION 3. On or before December 1, 2026, the Housing and Community Services Department shall submit a report in the manner provided by ORS 192.245 to the interim committees of the Legislative Assembly related to housing that incorporates feedback from key stakeholders, including affordable housing providers, finance entities and tenant advocates and that:**

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

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

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

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

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

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

(a) Properties with expiring federal rent assistance contracts;

(b) Properties with expiring affordability restrictions;

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

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

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

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

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

(4) Establish and periodically update evaluation criteria for affordable housing preservation [*investments*].

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

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

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

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

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

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

#### GENERAL OBLIGATION BONDS

##### General Fund Obligations

(1) Higher Education Coordinating

Commission (Art. XI-G):

(a) Clackamas Community College,

Center for Excellence for

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	<b>(D) Preserve Affordable Homes</b>		

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

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

24 **SECTION 6.** ORS 456.559 is amended to read:

25 456.559. (1) The Housing and Community Services Department shall:

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

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

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

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

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

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

43 (g) Be the central state department to apply for, receive and distribute, on behalf of appropriate  
44 state agencies, governmental bodies and public or private housing sponsors in the state, grants, gifts,  
45 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.**  
 44