

CHAPTER 103

AN ACT

HB 4134

Relating to housing; and declaring an emergency.

Whereas the housing supply crisis is impacting the economy of Oregon’s rural communities; and

Whereas housing prices have increased exponentially, and supply is diminishing, leading to Oregon’s workforce not being able to purchase or rent housing in rural communities; and

Whereas without access to the same resources as larger cities, the costs of infrastructure to support workforce housing production in Oregon’s small and rural cities is cost-prohibitive; and

Whereas employers in rural communities are struggling to recruit and retain a workforce due to housing shortages, leading to impacts on local economies and basic services; and

Whereas Oregon needs to incentivize home construction serving households with 130 percent of county median income or less, which is housing for the general workforce, including teachers, firefighters and service industry workers, in these smaller and rural communities in order for these communities to continue to grow; and

Whereas cities with a population of 50,000 and fewer need more tools to meet their housing needs; and

Whereas providing stopgap infrastructure funding for housing developments and requiring those developments that receive the funding to set aside housing units for workforce housing will increase housing supply and guarantee workforce housing in rural Oregon communities; now, therefore,

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

SECTION 1. (1) As used in this section:

(a) “Housing development” means multifamily housing or a mix of multifamily, middle housing and single-family housing units planned, owned or constructed together through one or more applications or development projects under ORS 227.175 or a development agreement under ORS 94.504 to 94.528.

(b) “Infrastructure project” means a specific project for which funds are appropriated under section 5 of this 2024 Act.

(c) “Workforce income household” means a household with income less than or equal to 130 percent of the county median income based on information or estimates available from the United States Census Bureau.

(2) The Oregon Business Development Department shall provide grants to cities for the purpose of developing infrastructure projects.

(3) To receive a grant under this section, a city must agree that:

(a) The infrastructure project will be within the city’s urban growth boundary and will contribute to the development of housing within the urban growth boundary;

(b) The infrastructure project will be completed within 24 months of the disbursement of the funds;

(c) The city has identified a specific, planned housing development that will be primarily benefited by the infrastructure project;

(d) The city has or will enter into an agreement with the property owner of the housing development as provided in subsection (4) of this section;

(e) The city will assign to the state any moneys or claims based on subsection (4)(c) of this section; and

(f) The city will provide reports as required under section 2 of this 2024 Act.

(4) A city may not receive a disbursement of the grant until the city and the property owner of the identified housing development have entered into one or more agreements to provide that:

(a) The owner will construct a minimum specified number of housing units before the latter of 36 months after the completion of the infrastructure project or 60 months after the disbursement of the infrastructure grant.

(b) No less than 30 percent of the dwelling units within the housing development will be subject to an affordable housing covenant, as defined in ORS 456.270, under which:

(A) The city shall serve as or designate the covenant holder; and

(B) The housing will be made affordable to workforce income households for a period of no less than 10 years.

(c) In addition to any other remedies, the owner is liable to repay to the city the amount of the infrastructure grant under this section if the units are not developed or the affordability is not maintained as required in this subsection, except for delays outside of the owner’s control.

(d) The owner will assist the city in its reporting requirements under section 2 of this 2024 Act.

SECTION 2. (1) Cities receiving grants under section 1 of this 2024 Act are required to provide two reports to the Oregon Business Development Department, one within 24 months and one within 60 months after moneys are distributed, on:

(a) The progress of the infrastructure project for which moneys were received;

(b) An estimated timeline of completion, or a report of the completed results;

(c) An accounting of the moneys spent and remaining for the project; and

(d) The number of housing units and affordable housing constructed within the housing development as described in section 1 (4) of this 2024 Act.

(2) On or before September 15 of each year, the Oregon Business Development Department shall provide a report to interim committees of

the Legislative Assembly on housing in the manner provided in ORS 192.245 summarizing the reports received under subsection (1) of this section.

SECTION 3. Section 1 of this 2024 Act is repealed on January 2, 2026.

SECTION 4. Section 2 of this 2024 Act is repealed on January 2, 2030.

SECTION 5. In addition to and not in lieu of any other appropriation, there are appropriated to the Oregon Business Development Department, for the biennium ending June 30, 2025, out of the General Fund, to provide grants under section 1 of this 2024 Act, the following amounts:

(1) \$3,000,000 to the City of Burns for water, sewer and stormwater site improvements for Miller Springs.

(2) \$2,000,000 to the City of McMinnville for piping and pumps to activate a water pump station for developable lands.

(3) \$1,500,000 to the City of Amity for stormwater infrastructure and road improvements for residential housing development.

(4) \$640,000 to the City of Toledo for water, sewer and stormwater infrastructure improvements, as well as a traffic study and road improvements along Sturdevant Road to support a new apartment complex.

SECTION 6. This 2024 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2024 Act takes effect on its passage.

Approved by the Governor April 17, 2024
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