

# Housing Innovation Partnership

## HB 2980

### REVOLVING LOAN FUND

#### Oregon's Housing Problem

Oregon's dramatic gap in needed housing is a threat to our citizens, communities, and economy. ECONorthwest estimates that the state should be building 29,000 units a year to meet demand, and each year we have fallen well short of that goal. In fact, recent studies suggest we have a deficit of 140,000 homes statewide. Current housing production is not keeping up with annual demand, much less making progress on the deficit.

No sustainable state-level funding source currently exists to fund housing production for households that earn between 60 – 120% of area median income. It is very difficult for projects targeting this income range to be viable without a small public subsidy, workforce income housing developments need only a small push to be market feasible. We need a simple, easy to implement program designed to serve the catalyzation of market-rate housing production.

#### Revolving Loan Fund

Develop a revolving loan fund to assist cities and counties in the development of needed housing the market cannot produce on its own but would generate revenue if produced. Under parameters set by the State, loans would be made to eligible jurisdictions to fund the development of needed housing. This tool aims to provide short term loans of \$15,000 to \$35,000 per unit, with a 10-year payback target. Loans would then be repaid through the growth in property taxes derived from those new developments. Budget; \$500,000,000.

Needed housing includes homes for first time buyers, workforce housing, and affordable housing so long it is taxable. Eligible uses of the fund include systems development charge backfill, predevelopment costs, site-specific infrastructure needs, land write downs, and jurisdictions may further define eligibility requirements. Feasible projects must be taxable and may not be in an existing tax increment finance district.

