74th OREGON LEGISLATIVE ASSEMBLY - 2007 Regular Session **MEASURE:** **SB 984 A**
STAFF MEASURE SUMMARY **CARRIER:**
Senate Committee on Business, Transportation, and Workforce Development

REVENUE: May have revenue impact, statement not yet issued
FISCAL: Minimal fiscal impact, no statement issued

Action:	Do Pass as Amended, Be Printed Engrossed, and Be Referred to the Committee on Finance and Revenue by prior reference
Vote:	3 - 0 - 2
Yeas:	George L., Monnes Anderson, Metsger
Nays:	0
Exc.:	Deckert, Starr
Prepared By:	Janet Adkins, Administrator
Meeting Dates:	4/4

WHAT THE MEASURE DOES: Makes loans that finance construction, development, or acquisition of manufactured dwelling parks eligible for affordable housing tax credits. Requires that the housing continue to be operated as a manufactured dwelling park for the period for which the tax credit is allowed. Makes loans that finance acquisition or preservation of affordable housing eligible for affordable housing tax credits. Increases the cap on allowable tax credits from $11 million to $13 million for fiscal year 2008/09 and $15 million for future fiscal years. Takes effect 91 days after adjournment sine die.

ISSUES DISCUSSED:
- History of the tax credit and its role in the development of affordable housing
- Importance of some manufactured dwelling parks as affordable housing stock
- Anticipated use of additional tax credit eligibility
- Likely loss of many existing affordable housing units in the next ten years
- How land use restrictions have affected affordability of housing

EFFECT OF COMMITTEE AMENDMENT: Makes loans that finance preservation of affordable housing eligible for affordable housing tax credits.

BACKGROUND: The Oregon Affordable Housing Tax Credit (OAHTC) Program was created in 1989. It provides a state income tax credit to lenders who provide lowered interest rates for affordable housing developers. The full loan rate reduction, up to four percent, is eligible for a tax credit. Sponsors are required to pass the savings from the reduced loan directly to low-income tenants as lower rents. For the program, low income households are those with less than 80 percent of the area median income as defined by the U.S. Department of Housing and Urban Development (HUD). The program is administered by the Oregon Housing and Community Services Department. Since 1989, the agency has funded 263 loans providing 8,961 units of affordable housing. The Housing Alliance considers the tax credit as the most leveraged and efficient funding source for development, purchase, and preservation of affordable housing projects.

Many affordable housing projects were built 30 to 40 years ago and are nearing the end of their use restrictions, and may also be in need of extensive renovation. Units may be lost because the buildings are at risk of being sold for other uses or being converted into condominiums. The Housing Alliance estimates that the state has already lost 1,000 units and faces the loss of thousands more HUD and Rural Development assisted units in the next ten years. Preservation of existing housing, either through saving manufactured home parks or preserving existing affordable housing, is far less expensive than building new affordable housing or housing families after they have become homeless.

The increased limit on tax credits is intended to maintain the current level of lending while adding loans for the additional projects that would become eligible under the Senate Bill 984-A. The current limit on tax credits was established (raised from $6 million) by the 2005 Legislative Assembly.