

HB 2852 -3 STAFF MEASURE SUMMARY

House Committee On Human Services and Housing

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Sub-Referral To: Joint Committee On Tax Credits

Meeting Dates: 2/21, 4/13, 4/18

WHAT THE MEASURE DOES:

Extends sunset date for affordable housing lenders tax credit to January 1, 2026. Increases total amount of tax credits allowed for all taxpayers per fiscal year to \$34 million. Effective 91 days following sine die.

ISSUES DISCUSSED:

- Use of tax credits to build affordable housing
- Preservation of affordable housing
- Manufactured homes and manufactured home parks
- Pass-through requirement to offer lower rents with use of tax credit

EFFECT OF AMENDMENT:

-3 Requires Housing and Community Services (OHCS) Department to determine the remaining balance of reserved tax credits for tax years beginning in the calendar year. Requires Department of Revenue (DOR) in collaboration with OHCS to conduct an auction of the reserved tax credits no later than December 1 of the tax year for which the credits are allowed. Specifies tax credit auction requirements. Requires DOR to deposit net receipts in the General Housing Account to provide housing for low-income individuals and families with priority to manufactured dwellings and manufactured dwelling parks. Requires manufactured dwellings and manufactured dwelling parks preserved or replaced by tax credit auction proceeds to be owned by specific entities. Allows credit purchased at auction to be allowed against taxes due. Decreases total amount of tax credits allowed for all taxpayers per fiscal year to \$25 million.

BACKGROUND:

The Oregon Affordable Housing Tax Credit (OAHTC) allows mortgage banking companies to claim the OAHTC with respect to the loans for construction or acquisition, and rehabilitation of multi-family rental housing development projects. Tenants receive lower rent rates for each dollar of the credit taken by the lending institution. In 2008, 21 corporation taxpayers claimed a total of \$7.1 million in affordable housing tax credits. Eighteen of these corporations were able to reduce their tax liability by a total of \$1.9 million, an average tax reduction of roughly \$106,000 per beneficiary. The affordable housing lender's credit has a program cap on \$17 million.

House Bill 2852 extends the sunset date for the affordable housing lenders' tax credit till 2026. Additionally, the bill increases the total amount of tax credits allowed for taxpayers per fiscal year to \$34 million.