



## HB 2315: A Technical Fix for the Oregon Affordable Housing Tax Credit

### What The Measure Does:

HB 2315 updates the statute guiding the Oregon Affordable Housing Tax Credit (OAHTC). The bill clarifies how pass-through savings may be calculated to maintain compliance under the OAHTC.

### Background

The OAHTC provides a state tax credit to lenders to reduce the interest rates on loans used for the development or rehabilitation of affordable housing. Affordable housing developers receive a reduced mortgage interest rate, and in return they are required to pass through that savings to their tenants in the form of reduced rent. Affordable housing projects benefiting from the OAHTC must demonstrate a dollar for dollar “pass-through” to tenants, which can be calculated in a variety of ways.

OHCS monitors the long-term compliance of each OAHTC property on an annual basis. In 2015, OHCS learned that some project managers were incorrectly using tenant-based rental vouchers to demonstrate pass-through for OAHTC projects. To prevent widespread program non-compliance and to remove any disincentive to accept tenant-based vouchers, OHCS adopted a new administrative rule in 2015 (see OAR 813-110-0013(2)(B)). The rule allows units with tenant-based vouchers to demonstrate a limited amount of pass-through to meet the obligations under the OAHTC.

### Solution

HB 2315 clarifies a 2015 administrative rule by removing the statutory language “regardless of other subsidies provided.” This statutory update gives OHCS additional flexibility to specify in rule how OAHTC pass-through should be calculated for units with tenant-based vouchers. HB 2315 will provide important clarity for the agency as we monitor compliance under the OAHTC and ensure the integrity of this important state resource.

### Pass-Through Example 1

	Rent (\$)	Pass-Through (\$)
Unit 1	900	0
Unit 2	900	0
Unit 3	900	0
Unit 4	900	0
Unit 5	900	0
Unit 6	800	100
Unit 7	800	100
Unit 8	800	100
Unit 9	800	100
Unit 10	800	100

**Average per-unit pass-through each month = \$50**

**Total monthly pass-through = \$500**

### Pass-Through Example 2

	Rent (\$)	Pass-Through (\$)
Unit 1	850	50
Unit 2	850	50
Unit 3	850	50
Unit 4	850	50
Unit 5	850	50
Unit 6	850	50
Unit 7	850	50
Unit 8	850	50
Unit 9	850	50
Unit 10	850	50