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Responsible Real Estate Developers and Investors

an affiliate of Smart Growth America's national developer coalition

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February 14, 2017

Senate Committee on Finance and Revenue
900 Court St.
Salem, OR 97301

Re: SB 166 Oregon Affordable Housing Tax Credit sunset extension

Dear Chair Hass, Vice Chair Boquist and Members of the Committee:

Oregon LOCUS supports SB 166 and extending the Oregon Affordable Housing Tax Credit ("OAHTC") program until 2026. As the Oregon affiliate of Smart Growth America's coalition of responsible developers and investors, we look forward to working with you on a wide range of public policies that support walkable, smart growth and are economically, environmentally and socially sustainable.

The OAHTC is a critically important tool in the Oregon Housing and Community Services "toolbox" to reduce the overall cost of delivering housing, which in turn increases the number of units available to low-income households in Oregon. Similar to the federal Low-Income Housing Tax Credit ("LIHTC") Program, the OAHTC provides a state income tax credit for affordable housing loans when a lender reduces the interest rate by up to four percentage points, so long as the interest rate reduction is completely passed through to tenants meeting the income requirements. The OAHTC program frequently is the last piece of financing needed for an affordable housing development, in combination with federal tax credits.

As Enterprise Community Partners, a national 501(c)(3) affordable housing developer pointed out in its 2007 paper, *Financing Mechanisms for Affordable Housing*, reducing of out-of-pocket costs—land and property acquisition, construction, or "soft" costs (including interest expense)—is essential to make housing more affordable.

Although we recognize that the market for these tax credits is uncertain today, over the long term, the OAHTC and LIHTC programs will remain essential tools for financing affordable housing.

Oregon LOCUS urges your support for SB 166 to extend the sunset of the Oregon Affordable Housing Tax Credit program until 2026.

Sincerely,

Mike Kingsella
Executive Director