



## **HB 4108 Incentivizing Construction of Workforce Housing**

Testimony for House Revenue – Jody Wiser – 2.8.2018

This bill attempts to address a serious problem that is impacting many parts of Oregon. Housing availability is scarce in many locations and what is available tends to be priced out of the range of many working Oregonians. When land is available for construction, market forces push developers to maximize the house size and price for each piece of land so that lower priced housing is not being built to meet the increasing demand. HB 4108 uses tax credits to pay for up to 50% of the construction costs of new single-family units.

We support the goals of this bill but we have serious issues with many aspects of how it intends to solve this problem.

- Given the significant demand for this subsidized housing and the limited scope of this funding, the bill is silent on who gets to decide who will get this benefit and how it will be allocated across the state.
- Given the cost of land, we don't think the limits in the bill will allow it to be used in most of our high-population or coastal areas. Further, the housing is limited to single family housing. This eliminates the use of townhouse, duplex, or condominium solutions which are more cost effective and could serve more people.
- Providing 50% of the cost for only 11 years of use seems extravagant. 100% of cost would bring the housing stock to use by the target population for 50+ years.
- Getting the right to purchase one of these houses is then the equivalent of winning a lottery. After 11 years, the owner is free to sell at to any purchaser at any price. This means that they have been gifted the mark-up, despite the state tax credit and the house will likely no longer serve the need it was created for.
- We much prefer using direct subsidies rather than tax credits if the developer is a non-profit or government entity. Transferring tax credits is a wasteful approach that just provides brokers and lawyers with a piece of the tax benefit.
- How was 50% subsidy level chosen? This \$10 million per year would likely only provide 100 units per year. A lower subsidy would increase that number.
- What is the compliance mechanism to ensure that only qualified buyers purchase the property upon resale? Who provides oversight?

We urge this committee to reject HB 4108 as written until it can address the concerns we have raised.