

Oregon Affordable Housing Lender Tax Credit

House Committee on Housing – 1/28/2021

Oregon Legislative Revenue Office



Purpose of Credit

- Not currently in statute
- Original implementing legislation in 1989 cited policy was put forth, in part, as a response to reduction in federal funding for low-income housing development
- More recent legislative discussions suggest purpose is to support:
 - The development of housing affordable to households with incomes up to 80 percent of area median income
 - The preservation of housing with federal rent subsidy contracts
 - The preservation of manufactured dwelling parks





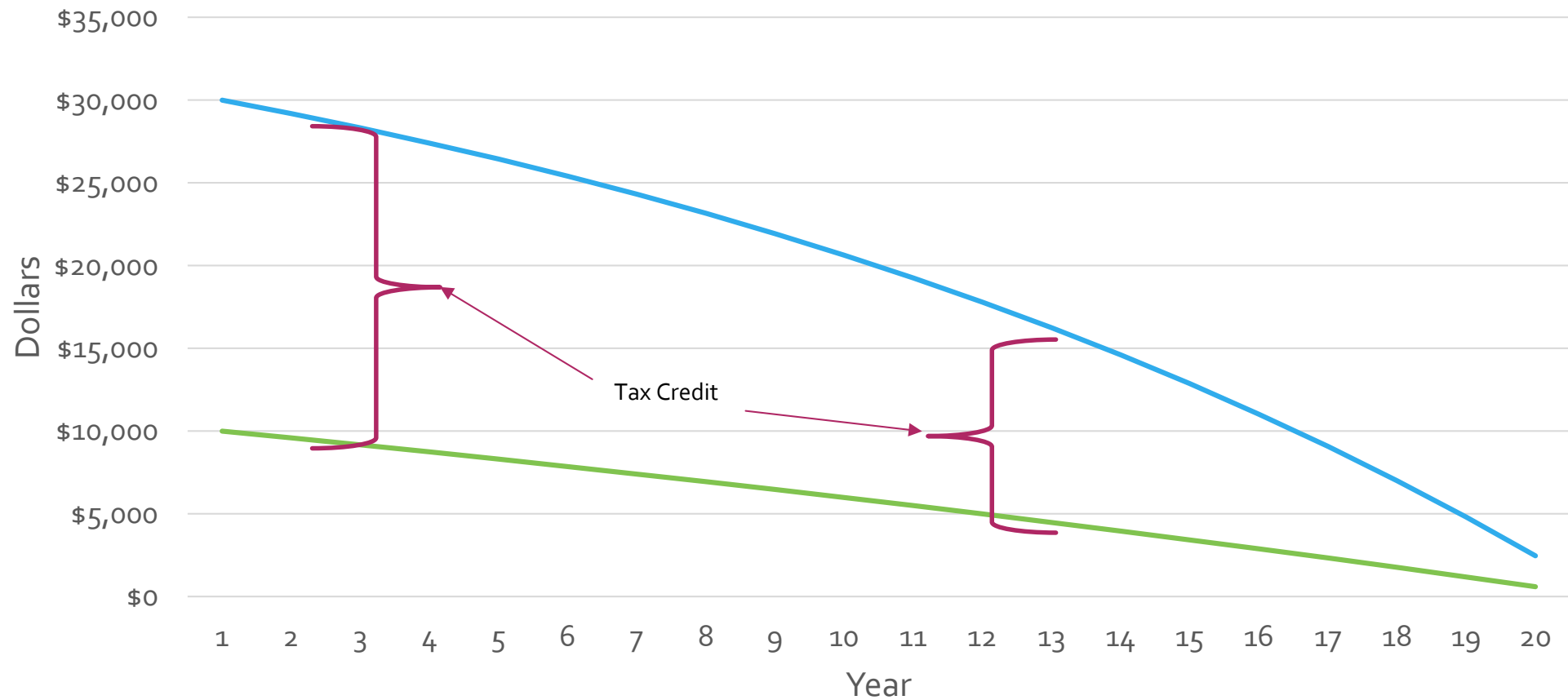
How the Tax Credit Works

- Credit targets lenders that make a qualified loan certified by Housing and Community Services Department (HCSD) at below market rates
- Credit = Difference between loan rate amount charged and the market rate (up to a 4% difference)
- Eligible housing projects: construction, development, acquisition, or rehabilitation of housing (income limited housing, manufactured dwelling park, or a preservation project)
- Loan recipient is required to pass on the savings from the reduced interest rate to tenants through reduction in tenant's rent (exception for manufactured dwelling parks & Preservation Project)





Interest Income for Lender



— Market Loan — Low-Rate Loan

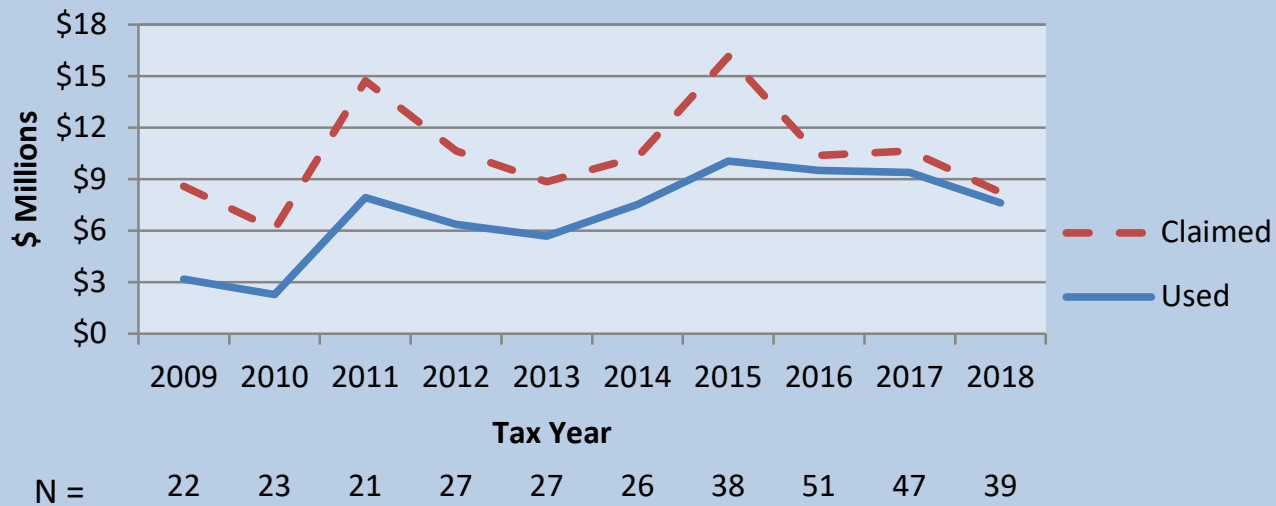
House Committee on Housing | Legislative Revenue Office





Historic Cost of Credit

Cost of Affordable Housing Lender's Tax Credit



HB 2584

Increases limit on total amount of outstanding tax credits for fiscal year from \$25 million to \$35 million.

