



April 9, 2021

Public Testimony

Oregon House Committee on Revenue

Support for HB 3364, Capital Gains Tax Credit to support housing preservation

Good afternoon Chair Nathanson, Vice Chair Pham, Vice Chair Reschke, and members of the committee. My name is Rob Prasch, I'm the Preservation Director with the Network for Oregon Affordable Housing.

NOAH is a statewide non-profit community development financial institution created by the Oregon Bankers Association in 1990. We finance affordable multifamily rental properties across the state and work closely with housing advocates and our borrowers, to create and preserve affordable rental housing. We also managed the Oregon Housing Preservation Project which together with partners, has preserved nearly 15,000 units of publicly supported housing.

I'm here this afternoon to urge your support of House Bill 3364 which would create an incentive to encourage preservation of at risk, publicly supported housing. HB 3364 compliments Oregon's existing preservation statute which provides an opportunity to purchase and preserve at-risk affordable housing projects but does not include financial resources to do so.

Over the last five decades, billions have been invested in the development of privately-owned, publicly supported housing here in Oregon and across the country. As rent-restricted properties come to the end of their contract period, owners may elect to convert them to market rate rentals or other uses. During the next 10 years, project maturities and subsidy contract expirations, will be happening with increasing frequency. According to Oregon Housing, by 2029, over 6,500 affordable rental homes across the state will mature and many will convert to market rate housing.

Oregon has prioritized preservation of at-risk, publicly supported housing, but we can do more by expanding our toolbox of policies that encourage preservation. HB 3364 would establish a modest but effective preservation tool, a capital gains tax credit, that would incentivize owners of publicly supported housing to sell their property to a buyer willing to preserve it as affordable.

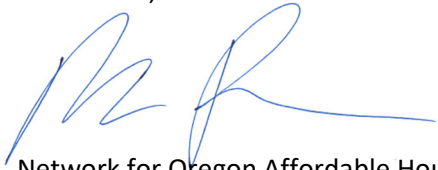
HB 3364 would create an incentive similar to Oregon's capital gains tax exemption on the sale of a manufactured home park to a resident cooperative or nonprofit. That tax exemption has proven valuable in the effort to preserve Oregon manufactured home parks.

Rather than a tax exemption, HB 3364 would create a tax credit, used to offset the seller's capital gains on the sale of publicly supported housing to a preservation focused purchaser. To control costs, the bill includes a \$3 million annual cap on the amount of the credit which would only be claimed if the purchaser agrees to execute a 30-year project use agreement.

We're confident the tax incentive offered by HB 3364 will encourage many owners to consider selling their property to a preservation-focused buyer, rather than convert it to market rate housing.

I urge your support of House Bill 3364. Thank you.

Rob Prasch, Preservation Director



Network for Oregon Affordable Housing