



HOUSE OF REPRESENTATIVES

Testimony in Support of HB 3364

April 12, 2021

Chair Nathanson, Vice-Chair Reschke, and member of the committee,

My name is Khanh Pham, State Representative for House District 46. As the chief sponsor for HB 3364, I am honored to share my strong support for this important bill that will help address housing affordability.

As Oregon's affordable housing crisis intensifies, we must ensure that **we keep every affordable home that we have**. The wellbeing of every Oregonian begins at home. A stable home provides children with the foundation for success in school, maintains quality of life for people with disabilities, and provides a safe place for seniors to age.

As members of the Revenue Committee, we see everyday that **tax policy can be a powerful tool** to create incentives for policy outcomes that would help Oregon families. One of the most important ways we can use tax policy during this session are bills like HB 3364 that create targeted incentives to help us maintain affordable housing in communities across the state.

Today, we are at **increasing risk of losing a substantial number of rental homes** that are affordable to Oregonians with low incomes. As publicly supported affordable housing communities reach the end of their affordability periods, they can convert to market rate, putting tenants at risk of losing their longtime homes.

Residents of publicly supported affordable housing communities - seniors, people with disabilities, and families with children - have few options in Oregon's private rental housing market. We need additional tools and resources to help ensure that we do not lose our affordable homes. **We must take every opportunity to keep these homes affordable for generations to come.**

HB 3364 would help keep existing publicly supported housing affordable by establishing a capital gains tax credit on the sale of multifamily affordable housing to a preservation focused housing provider. **HB 3364 would create a simple and effective tool to keep these homes affordable**: a tax incentive that would encourage owners of publicly supported housing to sell their property to a preservation-focused housing provider.

A similar tax exemption has helped encourage owners of manufactured home parks to sell to a new owner who will maintain affordability for residents. We can replicate that success with this capital gains credit, which would provide a measurable competitive edge to preservation-focused housing providers.

In order for a seller to take advantage of the tax credit, HB 3364 requires the purchaser to agree to a 30-year restricted use period and caps rents at 80% of area median income. To manage the costs, HB 3364 caps the annual tax credit amount at \$3 million.

HB 3364 is a simple, innovative solution to use all the tools available to ensure that we maintain affordable housing for Oregon families. Many of our communities have experienced economic

uncertainty. By taking action to keep affordable housing available, we can ensure that Oregon families will have options that they can afford to build a strong foundation for their families. For these reasons, I urge your support for HB 3364. Thank you.