



HB 4043 -1: The amendment is good, but the bill needs more work

Testimony for the House Revenue Committee – Jody Wisner – 2.10.2022

While we see significant improvements with the -1 the amendment in HB 4043, we still have problems with this bill. Proponents have not clearly articulated the problem being solved with this low income housing preservation tax credit.

Is it for transactions between private parties at the end of an affordable housing restriction such as in Representative Lively's example, where the goal is to see property preserved with another affordable housing restriction? Then perhaps this is a good mechanism. It is difficult to insert public funding into transactions between private parties. However, if a transaction between private parties is allowed a tax credit for 2.5% of purchase price in year 5-9 or 5% of purchase price beyond that, the bill should clearly require 30 or more years of restriction in addition to the years remaining in current the affordability restriction. Without the clear requirement of additional years, the state is gaining nothing for its participation in a private party transaction. The currently running restriction would be in the price a buyer is willing to pay.

Is the measure meant for transactions between private owners and purchasing non-profits or the Housing Authority? It seems so from the Housing Alliance's example with the Woodspring Apartment project in Tigard. If so, it would be far more simple, transparent, and effective for the seller, who may not be able to use a tax credit, to just make the offer to purchase be that much higher. A purchase offer that is 2 ½ or 5% higher would be a better enticement than a tax credit to sell to the Housing Authority or a non-profit that will preserve the property as affordable housing.

Given that in 2021 the legislature earmarked \$100 million for affordable housing and this session you are being asked to designate even more, it is difficult to see what problem is being solved for private to public/non-profit transactions.

The bill should state that only the first is the target, and be designed so that it is clear that additional years will be added to the publicly supported housing commitment.

This is one of five new tax credits proposed this short session:

- Small Woodland Owners tax credit connected with the Private Forest Accord
- Farm owners tax credit for paying overtime to farmworkers
- Disabled vets property tax exemption
- \$1000 tax credit for "volunteering" as a firefighter, and this
- Low income property preservation tax credit

There are none being eliminated.

We read the bills and follow the money