

HB 2465 STAFF MEASURE SUMMARY

House Committee On Housing and Homelessness

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Sub-Referral To: Joint Committee On Tax Expenditures

Meeting Dates: 1/26

WHAT THE MEASURE DOES:

Allows eligible borrowers utilizing affordable housing lender tax credit to use loan proceeds to finance the construction, development, acquisition, or rehabilitation of limited equity cooperative housing. Defines limited equity cooperative as cooperative corporation in which the sale of ownership interests is restricted to low-income individuals, and may not exceed the original sales price, plus the cost of permanent improvements made to the unit or the to the building in which the unit is located. Applies to tax years beginning on or after January 1, 2024. Takes effect on the 91st day following adjournment sine die.

FISCAL: May have fiscal impact, but no statement yet issued

REVENUE: May have revenue impact, but no statement yet issued

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

The Oregon Affordable Housing Lender Tax Credit allows lending institutions to reduce interest rates on qualified loans for the construction, development, acquisition, or rehabilitation of a manufactured dwelling park, low-income housing, or preservation project previously developed as affordable housing through federally funded assistance. The credit covers up to four percent of the unpaid balance of a qualified loan during the tax year in which it is claimed. In order to be eligible for a lower interest rate, the loan recipient must pass on the savings from the reduced interest rate to tenants by lowering or maintaining rent so that it does not exceed 80 percent of area median income.

Limited equity cooperatives are one example of a shared-equity homeownership model, which aims to provide permanent affordability in owner-occupied housing. In this model, a community land trust or other entity acquires or purchases the underlying land and leases the land to a limited equity housing co-op. The co-op offers the housing at an affordable rate with limited equity to residents, and manages the housing as well as improvements on the land. A long-term ground lease agreement binds the two entities in a partnership.

House Bill 2465 allows eligible borrowers utilizing the affordable housing lender tax credit to use loan proceeds to finance the construction, development, acquisition, or rehabilitation of limited equity cooperative housing.