

A-Engrossed
House Bill 3589

Ordered by the House March 21
Including House Amendments dated March 21

Sponsored by Representative MARSH, Senator PATTERSON; Representatives ANDERSEN, GAMBA, GOMBERG, NOSSE

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: This Act requires OHCS to focus on senior housing and sweeps moneys from tax deferrals for such housing. (Flesch Readability Score: 61.6).

Requires the Housing and Community Services Department to develop a senior housing development initiative. Transfers moneys from the Senior Property Tax Deferral Revolving Account to be used for the initiative.

Requires the Department of Revenue to annually review the account, beginning in 2027, for **estimated** excess funds to transfer to the [*Elderly and Disabled Housing Fund*] **General Housing Account** for the initiative. Sunsets July 1, 2031.

Provides that projects funded by the Elderly and Disabled Housing Fund remain eligible for affordable housing tax credits.

A BILL FOR AN ACT

1
2 Relating to housing; creating new provisions; and amending ORS 317.097.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1. Section 2 of this 2025 Act is added to and made a part of ORS 456.515 to**
5 **456.725.**

6 **SECTION 2. (1) The Housing and Community Services Department shall establish and**
7 **maintain a senior housing development initiative to incentivize housing targeted to older**
8 **adults and persons with disabilities, including housing that prioritizes visitability and acces-**
9 **sibility, but not including housing for the purpose of providing care. Under the initiative, the**
10 **department shall:**

11 (a) **Make available state and federal resources to support the development, rehabilitation**
12 **and preservation of housing for older adults and persons with disabilities, and leverage ex-**
13 **isting moneys to increase development, redevelopment and preservation opportunities.**

14 (b) **Provide technical assistance to developers, affordable housing and service providers,**
15 **planners, stakeholders and local governments to:**

16 (A) **Support housing location, design, development and the delivery of home and**
17 **community-based services for older adults; and**

18 (B) **Help ensure housing developments meet the needs of older adults to age well in their**
19 **homes and communities through housing that enables choice, safety and physical accessibil-**
20 **ity.**

21 (c) **Provide regular public updates and track goals and progress relating to affordable**
22 **rental housing targeted toward populations of older adults and persons with disabilities. Up-**
23 **dates that must be given under this paragraph may be provided through or in coordination**

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 with the department's housing equity indicators under ORS 456.602.

2 (2) The department may contract with a public or private provider for the administration
3 of the initiative.

4 **SECTION 3.** Notwithstanding ORS 311.701, the amount of \$24,000,000 is transferred from
5 the Senior Property Tax Deferral Revolving Account to the General Fund for general gov-
6 ernmental purposes. The transfer shall be made on the effective date of this 2025 Act.

7 **SECTION 4.** In addition to and not in lieu of any other appropriation, there is appropri-
8 ated to the Housing and Community Services Department, for the biennium beginning July
9 1, 2025, out of the General Fund:

10 (1) \$23,500,000 for deposit into the General Housing Account under ORS 458.620, to fund
11 the development, rehabilitation or preservation of housing for older adults and persons with
12 disabilities under the senior housing development initiative in section 2 (1)(a) of this 2025 Act.

13 (2) \$500,000 to provide technical assistance under the senior housing development initi-
14 ative in section 2 (1)(b) of this 2025 Act.

15 **SECTION 5.** (1) The Department of Revenue shall, before December 31 of each year, es-
16 timate the amount required to be maintained in the Senior Property Tax Deferral Revolving
17 Account under ORS 311.701 to fund the obligations for the following year. The department
18 shall assume that the obligations will equal the payments and administrative costs that were
19 made in the highest year over a 10-year look-back period, as adjusted for the current com-
20 position of payments and population.

21 (2) Notwithstanding ORS 305.100 (1), any estimate or rule of the department under this
22 section must be based on certain reasonable conditions with respect to the solvency of the
23 account.

24 (3) On or before January 31 of the year for which an estimate is made and at least 14
25 days after providing notice to the Legislative Revenue Officer of the proposed transfer, the
26 department shall transfer the positive difference between the amount in the account on the
27 date of estimation made in subsection (1) of this section and the estimated obligations under
28 subsection (1) of this section, if any, to the Housing and Community Services Department for
29 deposit into the General Housing Account under ORS 458.620 for use by the department to
30 implement the senior housing development initiative under section 2 of this 2025 Act.

31 **SECTION 6.** Section 5 of this 2025 Act becomes operative on January 1, 2027.

32 **SECTION 7.** Section 5 of this 2025 Act is repealed on July 1, 2031.

33 **SECTION 8.** ORS 317.097, as amended by section 25, chapter 75, Oregon Laws 2024, is amended
34 to read:

35 317.097. (1) As used in this section:

36 (a) "Annual rate" means the yearly interest rate specified on the note, and not the annual per-
37 centage rate, if any, disclosed to the applicant to comply with the federal Truth in Lending Act.

38 (b) "Bonds" means a bond, as defined in ORS 286A.001, if issued on behalf of the Housing and
39 Community Services Department, or bonds, as defined in ORS 456.055, if issued by a housing au-
40 thority.

41 (c) "Finance charge" means the total of all interest, loan fees, interest on any loan fees financed
42 by the lending institution, and other charges related to the cost of obtaining credit.

43 (d) "Lending institution" means any insured institution, as that term is defined in ORS 706.008,
44 any mortgage banking company that maintains an office in this state or any community development
45 corporation that is organized under the Oregon Nonprofit Corporation Law.

1 (e) "Limited equity cooperative" means a cooperative corporation formed under ORS chapter 62
2 whose articles of incorporation, in addition to the other requirements of ORS chapter 62, prohibit
3 members from selling their ownership interests:

4 (A) To any person other than a low income person; or

5 (B) For a sales price that exceeds the sum of:

6 (i) The price the member paid for the ownership interest;

7 (ii) The cost of any permanent improvements the member made to the housing unit during the
8 member's ownership;

9 (iii) Any special assessments the member paid to the limited equity cooperative during the
10 member's ownership that were expended to make permanent improvements to the building in which
11 the member's housing unit is located; and

12 (iv) A return on the amounts described in sub-subparagraphs (i) to (iii) of this subparagraph,
13 computed from the year in which the respective amount was paid, that equals the greater of the
14 result of adjusting each amount by the percentage increase, if any, in the Consumer Price Index for
15 All Urban Consumers, West Region (All Items), as published by the Bureau of Labor Statistics of the
16 United States Department of Labor, or of increasing each amount by three percent compounded
17 annually.

18 (f) "Manufactured dwelling park" has the meaning given that term in ORS 446.003.

19 (g) "Nonprofit corporation" means a corporation that is exempt from income taxes under section
20 501(c)(3) or (4) of the Internal Revenue Code as amended and in effect on December 31, 2023.

21 (h) "Preservation project" means housing that was previously developed as affordable housing
22 with a contract for rent assistance from the United States Department of Housing and Urban De-
23 velopment or the United States Department of Agriculture and that is being acquired by a spon-
24 soring entity.

25 (i) "Qualified assignee" means any investor participating in the secondary market for real estate
26 loans.

27 (j) "Qualified borrower" means any borrower that is a sponsoring entity that has a controlling
28 interest in the real property that is financed by a qualified loan. A controlling interest includes a
29 controlling interest in the general partner of a limited partnership that owns the real property.

30 (k) "Qualified loan" means:

31 (A) A loan that meets the criteria stated in subsection (5) of this section or that is made to re-
32 finance a loan that meets the criteria described in subsection (5) of this section; or

33 (B) The purchase by a lending institution of bonds, the proceeds of which are used to finance
34 or refinance a loan that meets the criteria described in subsection (5) of this section.

35 (L) "Sponsoring entity" means a nonprofit corporation, nonprofit cooperative, state govern-
36 mental entity, local unit of government as defined in ORS 466.706, housing authority or any other
37 person, provided that the person has agreed to restrictive covenants imposed by a nonprofit corpo-
38 ration, nonprofit cooperative, state governmental entity, local unit of government or housing au-
39 thority.

40 (2) The Department of Revenue shall allow a credit against taxes otherwise due under this
41 chapter for the tax year to a lending institution that makes a qualified loan certified by the Housing
42 and Community Services Department as provided in subsection (7) of this section. The amount of the
43 credit is equal to the difference between:

44 (a) The amount of finance charge charged by the lending institution during the tax year at an
45 annual rate less than the market rate for a qualified loan that is made before January 1, 2026, that

1 complies with the requirements of this section; and

2 (b) The amount of finance charge that would have been charged during the tax year by the
3 lending institution for the qualified loan for housing construction, development, acquisition or re-
4 habilitation measured at the annual rate charged by the lending institution for unsubsidized loans
5 made under like terms and conditions at the time the qualified loan for housing construction, de-
6 velopment, acquisition or rehabilitation is made.

7 (3) The maximum amount of credit for the difference between the amounts described in sub-
8 section (2)(a) and (b) of this section may not exceed four percent of the average unpaid balance of
9 the qualified loan during the tax year for which the credit is claimed.

10 (4) Any tax credit allowed under this section that is not used by the taxpayer in a particular
11 year may be carried forward and offset against the taxpayer's tax liability for the next succeeding
12 tax year. Any credit remaining unused in the next succeeding tax year may be carried forward and
13 used in the second succeeding tax year, and likewise, any credit not used in that second succeeding
14 tax year may be carried forward and used in the third succeeding tax year, and any credit not used
15 in that third succeeding tax year may be carried forward and used in the fourth succeeding tax year,
16 and any credit not used in that fourth succeeding tax year may be carried forward and used in the
17 fifth succeeding tax year, but may not be carried forward for any tax year thereafter.

18 (5) To be eligible for the tax credit allowable under this section, a lending institution must make
19 a qualified loan by either purchasing bonds, the proceeds of which are used to finance or refinance
20 a loan that meets the criteria stated in this subsection, or making a loan directly to:

21 (a) An individual or individuals who own a dwelling, participate in an owner-occupied commu-
22 nity rehabilitation program and are certified by the local government or its designated agent as
23 having an income level when the loan is made of 80 percent of the area median income or less;

24 (b) A qualified borrower who:

25 (A) Uses the loan proceeds to finance construction, development, acquisition or rehabilitation
26 of housing, including housing in the form of a limited equity cooperative; and

27 (B) Provides a written certification executed by the Housing and Community Services Depart-
28 ment that the:

29 (i) Housing created by the loan is or will be occupied by households earning 80 percent of the
30 area median income or less; and

31 (ii) Full amount of savings from the reduced interest rate provided by the lending institution is
32 or will be passed on, in the form of reduced housing payments, to the tenants or to the holders of
33 proprietary leases in a limited equity cooperative;

34 (c) Subject to subsection (14) of this section, a qualified borrower who:

35 (A) Uses the loan proceeds to finance construction, development, acquisition or rehabilitation
36 of housing consisting of a manufactured dwelling park; and

37 (B) Provides a written certification executed by the Housing and Community Services Depart-
38 ment that the housing will continue to be operated as a manufactured dwelling park during the pe-
39 riod for which the tax credit is allowed;

40 (d) A qualified borrower who:

41 (A) Uses the loan proceeds to finance acquisition or rehabilitation of housing consisting of a
42 preservation project; and

43 (B) Provides a written certification executed by the Housing and Community Services Depart-
44 ment that the housing preserved by the loan:

45 (i) Is or will be occupied by households earning 80 percent of the area median income or less;

1 and

2 (ii) Is the subject of a rent assistance contract with the United States Department of Housing
3 and Urban Development or the United States Department of Agriculture that will be maintained by
4 the qualified borrower; or

5 (e) A qualified borrower who:

6 (A) Uses the loan proceeds to finance construction, development, acquisition or rehabilitation
7 of housing; and

8 (B) Provides a written certification executed by the Housing and Community Services Depart-
9 ment or the governmental party to the rent assistance contract that the housing preserved by the
10 loan:

11 (i) Is or will be occupied by households earning 80 percent of the area median income or less;
12 and

13 (ii) Is the subject of a rent assistance contract with the federal government or with a state or
14 local government that will be maintained by the qualified borrower and that limits a tenant's rent
15 to no more than 30 percent of their income.

16 (6) A loan made to refinance a loan that meets the criteria stated in subsection (5) of this sec-
17 tion must be treated the same as a loan that meets the criteria stated in subsection (5) of this sec-
18 tion.

19 (7) For a qualified loan to be eligible for the tax credit allowable under this section, the Housing
20 and Community Services Department must execute a written certification for the qualified loan that:

21 (a) States that the qualified loan is within the limitation imposed by subsection (8) of this sec-
22 tion; and

23 (b) Specifies the period, as determined by the Housing and Community Services Department,
24 during which the tax credit is allowed for the qualified loan, not to exceed:

25 (A) 30 years, for a qualified loan with a contract for rent assistance or financing resources from
26 the United States Department of Agriculture, for new housing construction, acquisition of housing
27 or a preservation project; or

28 (B) 20 years, for any other type of qualified loan.

29 (8) The Housing and Community Services Department may certify qualified loans that are eligi-
30 ble under subsection (5) of this section if the total credits attributable to all qualified loans eligible
31 for credits under this section and then outstanding do not exceed \$35 million for any fiscal year. In
32 making loan certifications under subsection (7) of this section, the Housing and Community Services
33 Department shall attempt to distribute the tax credits statewide, but shall concentrate the tax
34 credits in those areas of the state that are determined by the Oregon Housing Stability Council to
35 have the greatest need for affordable housing.

36 (9) The tax credit provided for in this section may be taken whether or not:

37 (a) The financial institution is eligible to take a federal income tax credit under section 42 of
38 the Internal Revenue Code with respect to the project financed by the qualified loan; [or]

39 (b) The project receives financing from bonds, the interest on which is exempt from federal
40 taxation under section 103 of the Internal Revenue Code[.]; **or**

41 **(c) The project receives moneys from the Elderly and Disabled Housing Fund under ORS**
42 **456.535.**

43 (10) For a qualified loan defined in subsection (1)(k)(B) of this section financed through the
44 purchase of bonds, the interest of which is exempt from federal taxation under section 103 of the
45 Internal Revenue Code, the amount of finance charge that would have been charged under sub-

1 section (2)(b) of this section is determined by reference to the finance charge that would have been
2 charged if the federally tax exempt bonds had been issued and the tax credit under this section did
3 not apply.

4 (11) A lending institution may sell a qualified loan for which a certification has been executed
5 to a qualified assignee whether or not the lending institution retains servicing of the qualified loan
6 so long as a designated lending institution maintains records, annually verified by a loan servicer,
7 that establish the amount of tax credit earned by the taxpayer throughout each year of eligibility.

8 (12) Notwithstanding any other provision of law, a lending institution that is a community de-
9 velopment corporation organized under the Oregon Nonprofit Corporation Law may transfer all or
10 part of a tax credit allowed under this section to one or more other lending institutions that are
11 stockholders or members of the community development corporation or that otherwise participate
12 through the community development corporation in the making of one or more qualified loans for
13 which the tax credit under this section is allowed.

14 (13) The lending institution shall file an annual statement with the Housing and Community
15 Services Department, specifying that it has conformed with all requirements imposed by law to
16 qualify for a tax credit under this section.

17 (14) Notwithstanding subsection (1)(j) and (L) of this section, a qualified borrower on a loan to
18 finance the construction, development, acquisition or rehabilitation of a manufactured dwelling park
19 under subsection (5)(c) of this section must be:

20 (a) A nonprofit corporation, manufactured dwelling park nonprofit cooperative, state govern-
21 mental entity, local unit of government as defined in ORS 466.706 or housing authority; or

22 (b) A nonprofit corporation or housing authority that has a controlling interest in the real
23 property that is financed by a qualified loan. A controlling interest includes a controlling interest
24 in the general partner of a limited partnership that owns the real property.

25 (15) The Department of Revenue may require that a lending institution that has earned the
26 credit and a lending institution that intends to claim the credit jointly file a notice, as prescribed
27 by the Department of Revenue. The notice must comply with ORS 315.056 (2) or 315.058 (2).

28 (16) The Housing and Community Services Department shall provide information to the Depart-
29 ment of Revenue about all certifications executed under this section, if required by ORS 315.058.

30 (17) The Housing and Community Services Department and the Department of Revenue may
31 adopt rules to carry out the provisions of this section.

32