



# Oregon

John A. Kitzhaber, MD, Governor

MEASURE: HB 4038  
EXHIBIT: 4  
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SUBMITTED BY: Peter Hainley

## Housing and Community Services

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February 2, 2012

The Honorable Jules Bailey, Co-Chair  
The Honorable Vic Gilliam, Co-Chair  
House Committee on Energy, Environment and Water

RE: HB 4038 – Public Hearing

Co-Chairs and Committee Members:

The Farmworker Housing Tax Credit FWHTC is a state income tax credit program designed to incentivize the construction, acquisition or rehabilitation of seasonal or year-round farmworker housing that is located on the farm or in the community. The tax credit may be taken on 50 percent of the eligible costs actually paid or incurred to complete a farmworker housing project. The total eligible costs for all approved projects each calendar year is limited to \$7.25 million, which equates to \$3.625 million in state tax credits. Eligible costs may include capital expenditures excluding land acquisition and routine maintenance and the purchase and installation of manufactured housing. Owners may use the credit directly or may sell the credits to investors with Oregon tax liability in exchange for capital to develop the housing. Eligible only for units made available to farmworkers, and designated in this manner for a minimum of 10 years.

The credit not only facilitates the development of housing for farmworkers and their immediate families, but farmworkers pay less for rent, becoming more financially stable. Monthly rent savings become an economic stimulus that families can spend on other necessities within their communities. The credit also generates substantial economic activity in the rural communities where the units are constructed or rehabilitated.

Subsequent to the 2011 Legislative Session, when the extension for the credit was presented to a policy committee and the joint tax committee, representatives from the Department of Revenue, OR-OSHA and Oregon Housing and Community Services met to discuss improvements to the oversight of the tax credits. The agencies are preparing to enter into a Memorandum of Understanding that will formalize collaborative efforts that will enhance interagency communication and better account for the housing that is created or rehabilitated with the credit.

The credit expires in 2014 and extending the credit would provide for the continued construction or rehabilitation of safe and secure housing for farmworkers.

If you need any further information, please contact me at (503) 986-0990.

Sincerely,

Karen L. Tolvstad  
Policy, Strategy and Communication Administrator

*What We Do Matters!*

