

# Oregon Affordable Housing Lender Tax Credit

House Committee on Revenue – 4/19/2021

Oregon Legislative Revenue Office



# Purpose of Credit

- Not currently in statute
- Original implementing legislation in 1989 cited policy was put forth, in part, as a response to reduction in federal funding for low-income housing development
- More recent legislative discussions suggest purpose is to support:
  - The development of housing affordable to households with incomes up to 80 percent of area median income
  - The preservation of housing with federal rent subsidy contracts
  - The preservation of manufactured dwelling parks





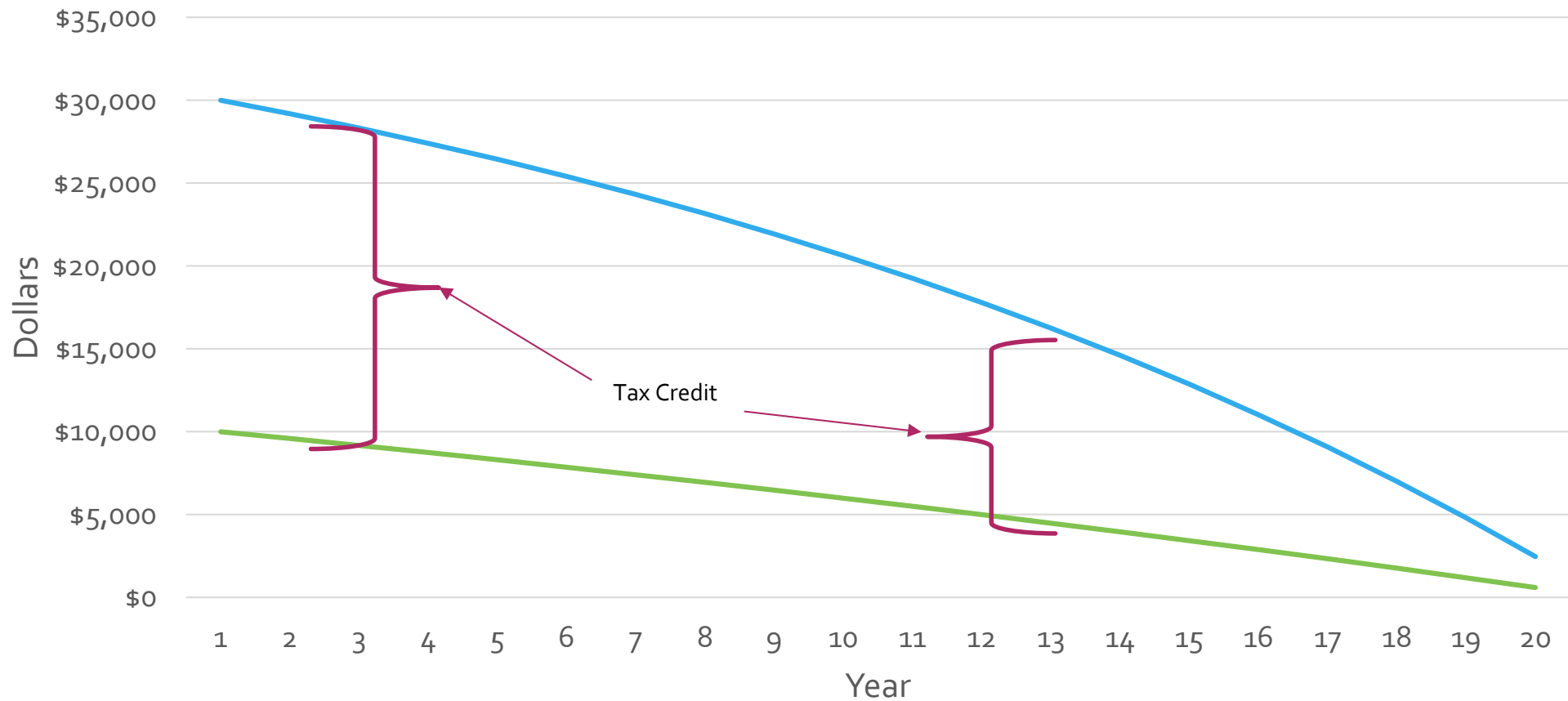
# How the Tax Credit Works

- Credit targets lenders that make a qualified loan certified by Housing and Community Services Department (HCSD) at below market rates
- Credit = Difference between loan rate amount charged and the market rate (up to a 4% difference)
- Eligible housing projects: construction, development, acquisition, or rehabilitation of housing (income limited housing, manufactured dwelling park, or a preservation project)
- Loan recipient is required to pass on the savings from the reduced interest rate to tenants through reduction in tenant's rent (exception for manufactured dwelling parks & Preservation Project)





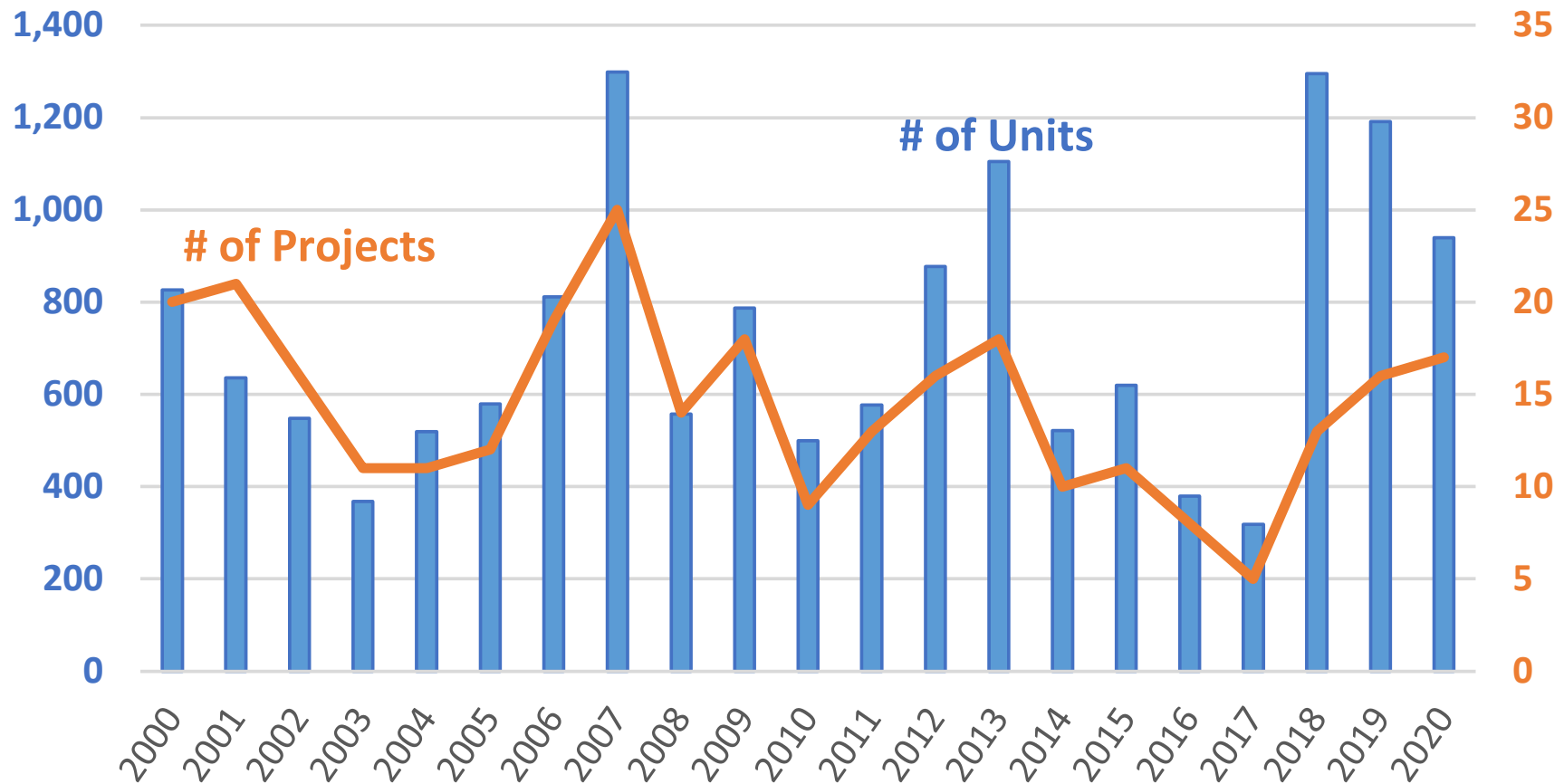
# Interest Income for Lender





# Number of Projects & Units

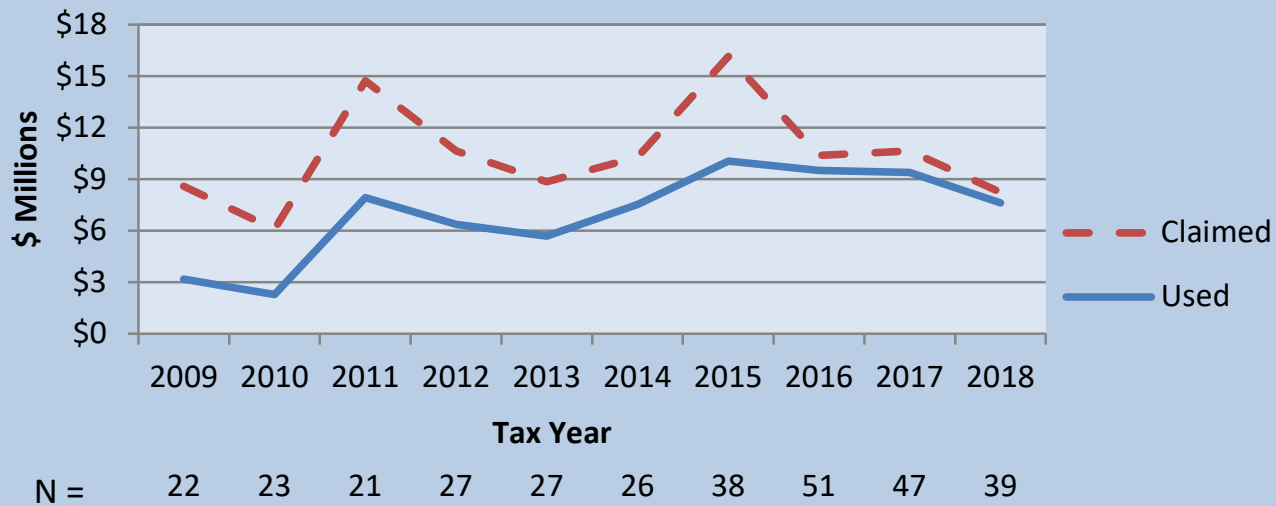
## Affordable Housing Units & Projects





# Historic Cost of Credit

### Cost of Affordable Housing Lender's Tax Credit



### HB 2584

Increases limit on total amount of outstanding tax credits for fiscal year from \$25 million to \$35 million.

