

HB 2653 STAFF MEASURE SUMMARY

House Committee On Housing and Homelessness

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Sub-Referral To: Joint Committee On Tax Expenditures

Meeting Dates: 1/24

WHAT THE MEASURE DOES:

Creates a credit against income taxes for a qualifying sale of publicly supported housing. Defines a qualifying sale as one which extends affordability restrictions by at least 30 years to households earning 80 percent or less of area median income, and which applies to properties for which the 24-month first right of refusal period has not expired. Requires purchaser to supply Housing and Community Services Department with information regarding intended use and projected duration of units as affordable housing. Allows the Department to establish applicant review process in rule. Describes provisions of taxpayer credit based on length of ownership, and allows the Department of Revenue to adopt rules to carry out provisions. Allows taxpayer to carry forward any unused tax credits for up to three successive years. Limits total tax credits under these provisions to no more than \$3 million for all taxpayers per calendar year. Applies to tax years beginning on or after January 1, 2024 and before January 1, 2030. 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:

Publicly supported housing is defined as multifamily rental housing developments of five or more units which are developed using federal and state financing. These properties are subject to affordability restrictions which guarantees that the units built will remain affordable, typically for a minimum of 30 years.

According to Oregon Housing and Community Services' (OHCS) publicly supported housing inventory, affordability restrictions will expire on over 7,500 units within the next ten years. Through House Bill 2002 (2017) and House Bill 2002 (2019), and House Bill 3113 (2021), the Legislative Assembly established notice requirements, clarified exemptions on rent increase limits, and required owners of publicly supported housing to give OHCS and local governments first right of refusal in purchasing a property that will be withdrawn from publicly supported housing.

House Bill 2653 creates an income tax credit for the seller of publicly supported housing that will be retained as affordable housing for at least 30 years, and is affordable to households earning 80 percent or less of area median income. The measure limits the total tax credits to no more than \$3 million for all taxpayers per calendar year, and applies to tax years beginning on or after January 1, 2024 and before January 1, 2030.