

SB 131

Oregon Affordable Housing Lender Tax Credit

Senate Committee on Housing & Development

LRO | 2/8/2023



Oregon Affordable Housing Lender Credit

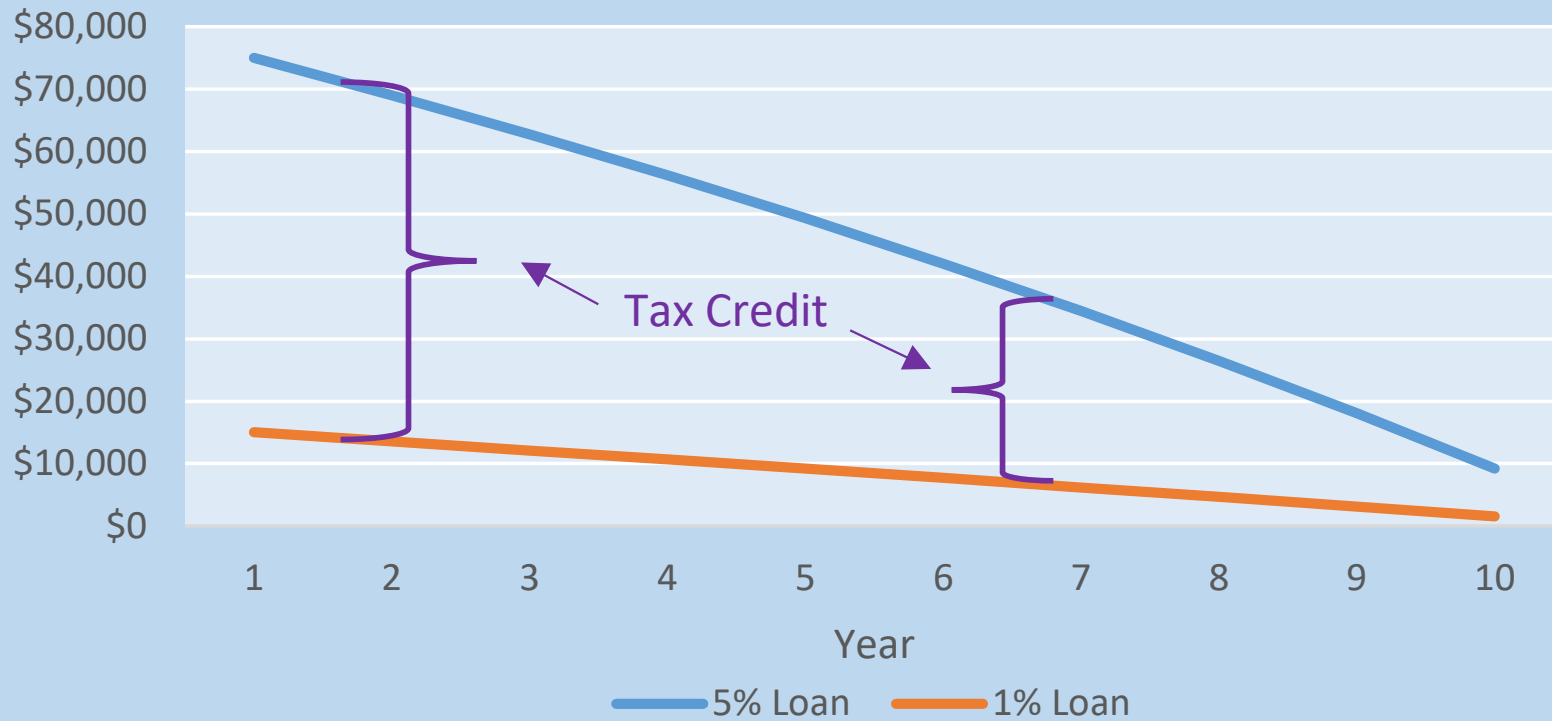
- **Purpose:** Support development of affordable housing, preserve housing with federal rent subsidy contracts, preserve manufactured dwelling parks
- Lenders that make qualified low-interest loans are allowed a tax credit equal to the difference between the rate offered and the market rate, up to a 4% difference
- Eligible projects: construction, development, acquisition, or rehabilitation of low-income housing, a preservation project, or a manufactured dwelling park preservation project
- Loans must be certified by the OR Housing & Community Service (OHCS)
- There is a program cap of \$35 million in outstanding tax credits
- Low-income housing is required to pass on the savings from the reduced interest rate to tenants in the form of reduced housing payments, no requirement for preservation projects or manufactured dwelling park preservation projects





Interest Income for Lender

OAHTC Example of Interest Savings & Tax Credit Value





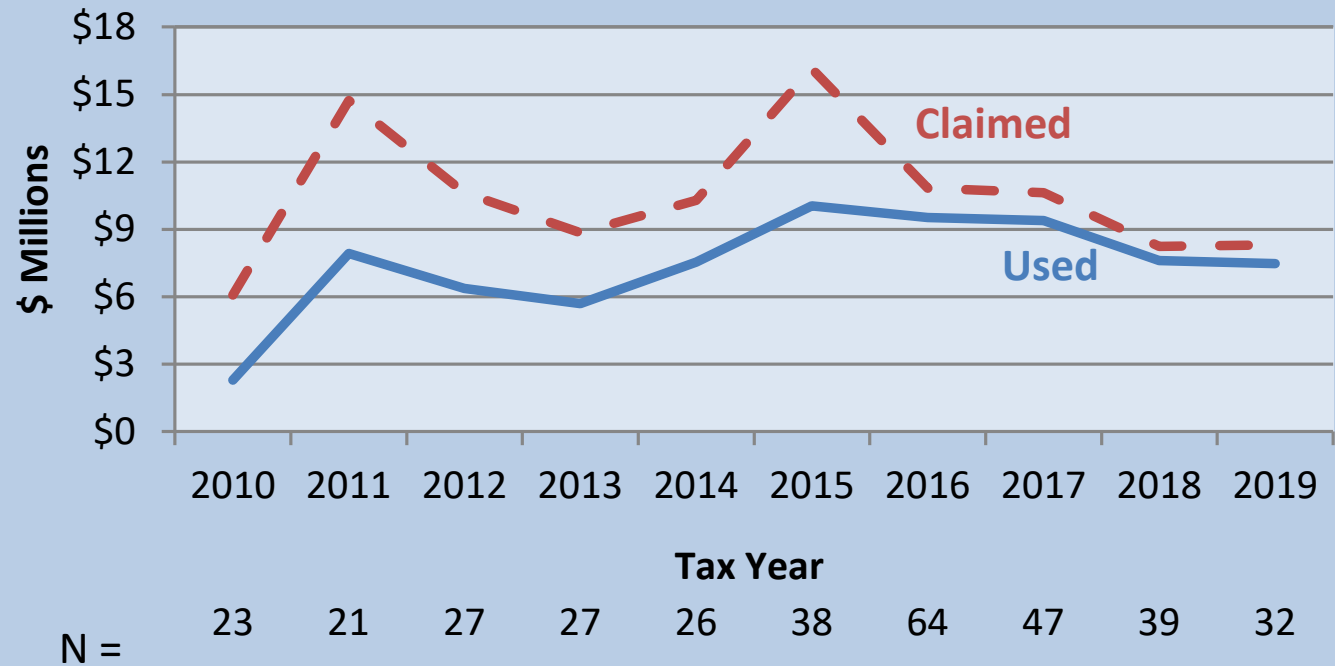
Affordable Housing Lender – Flow of Benefit

Lending Institution	Qualified Borrower	Affordable Housing Tenants
<p>Absent credit, would lend at interest rate of 5%</p> <p>With credit, lends to qualified borrower at 1%</p>	<p>Benefits from being able to borrow at 1% instead of 5%</p> <p>Pass Through Required: Interest rate savings are passed through to tenants in the form of reduced housing payments</p> <p>Pass Through not Required: Interest rate savings accrue to qualified borrower</p>	<p>Pass Through Required: Tenants benefit directly from credit through additionally reduced housing payments</p> <p>Pass Through not Required: When no rent pass through required, tenants benefit from preservation of affordable housing (housing subject to other affordability restrictions)</p>



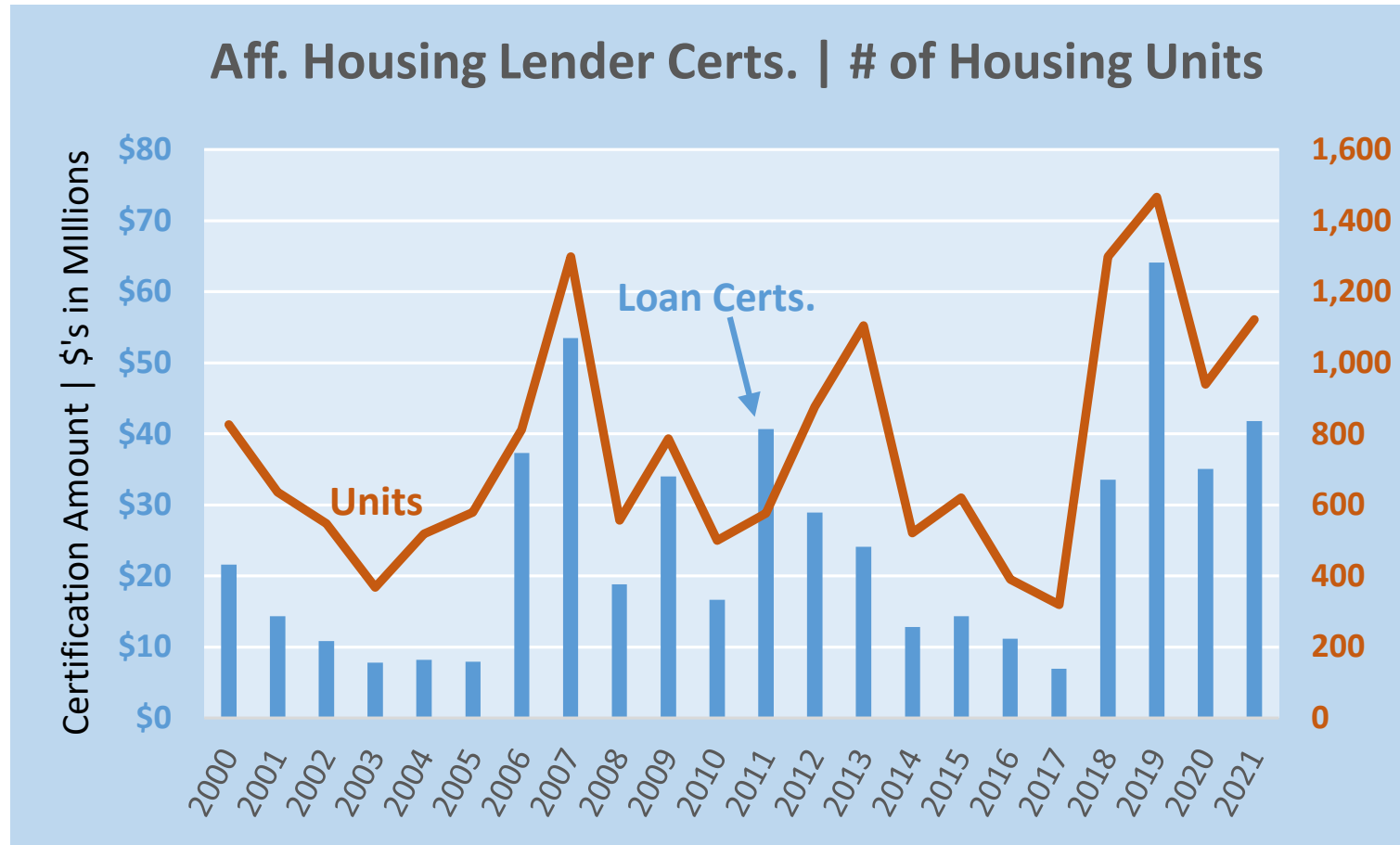
Historic Cost of Credit

Cost of Affordable Housing Lender Tax Credit





Loan Certifications & Housing Units



Legislative Revenue Office

<https://www.oregonlegislature.gov/lro>

503-986-1266

State of Oregon

LEGISLATIVE REVENUE OFFICE

