

SB 131 STAFF MEASURE SUMMARY

Senate Committee On Housing and Development

Action Date: 02/15/23

Action: Do pass and refer to Tax Expenditures by prior reference.

Vote: 5-0-0-0

Yeas: 5 - Anderson, Jama, Knopp, Patterson, Sollman

Fiscal: Fiscal impact issued

Revenue: Revenue impact issued

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Meeting Dates: 2/8, 2/15

WHAT THE MEASURE DOES:

Extends sunset for issuance of certificates for affordable housing lenders by the Housing and Community Services Department for qualified housing projects by four years from January 1, 2026, to January 1, 2030.

ISSUES DISCUSSED:

- Eligibility of construction loans
- Length of sunset extension
- Potential effect on tax credit usage with a higher cap

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Corporations making qualified loans with below-market interest rates for qualified housing projects are permitted a tax credit equal to the difference between the finance charge on the loan and the finance charge that would have been imposed at market rates. The term is limited to 20 years, or 30 years if the loan has either a contract for rent assistance or financing resources from the U.S. Department of Agriculture. The reduced interest rate is a maximum of four percentage points below the market rate.

Qualified housing projects include manufactured dwelling parks, low-income housing, or preservation projects, while qualified loans are those certified by Oregon Housing and Community Services (OHCS). Tax credits during a fiscal year may not exceed \$35 million, and unused amounts may be carried forward for five years. Recipients are often required to pass on savings from the reduced interest rate to tenants via reduced housing payments. Two-hundred-seventy-nine projects with roughly 15,000 units have received credit certification per the Legislative Revenue Office.

Senate Bill 131 extends the sunset for OHCS to certify loans for qualified housing projects from January 1, 2026, to January 1, 2030.