



Date: March 14, 2023

To: Chair and Members of House Committee on Housing and Homelessness

From: Scott Bruun, OBI

RE: Testimony in support of HB 3302 / Affordable Housing Tax Credit

Chair Dexter and Members of the Committee:

My name is Scott Bruun. I am the Director of tax, fiscal and manufacturing policy for Oregon Business & Industry. OBI is a statewide association representing businesses from a wide variety of industries and from each of Oregon's 36 counties. In addition to being the statewide chamber of commerce, OBI is the state affiliate for the National Association of Manufacturers and the National Retail Federation. Our 1,600 member companies, more than 80% of which are small businesses, employ more than 250,000 Oregonians.

Thank you for the opportunity to testify in support of HB 3302.

OBI believes that Oregon's housing challenges are increasingly complex. The macro issues involved include the gamut from homelessness, to affordable and available low-income housing, to affordable and available workforce and middle market housing. And of course, within each of these big issues are layer upon layer of smaller issues and complexities.

Costs, however, may be the one element that impact every aspect of housing policy. And it's important to note here, we believe, that significant drivers of these costs are directly related to policies that this state has chosen to embrace.

This includes land scarcity and the resulting demand and supply imbalance caused by our statewide land use policies, as well as growing costs related to other state and local regulatory hurdles including permitting. State policies notwithstanding, there are of course other factors that drive up costs, including local system development charges as well as the inflated costs of construction and materials, generally.

This is all to say that even when lands in Oregon are pulled into the UGB and zoned for housing, the base costs of those lands are already so prohibitively high, that there is little to no incentive for builders or developers to build affordable housing. It's a broken system.

HB 3302 is not a fix to our broken system. It's a modest workaround, but a very important workaround.

HB 3302 would create in Oregon an affordable housing tax credit similar to what 20 or so other states currently have. HB 3302 would create a tax incentive to subsidize the construction and/or refurbishment of housing for tenants and families who are below the average median income, and also require that the cost of that housing remain affordable going forward.

Through these prospective credits, developers and investors can reduce their own income tax liabilities, mitigate some of the land acquisition costs I mentioned, and in return build high-quality multi-family housing without passing high costs onto residents.

Madame Chair, Committee, this is a creative policy tool. While there are many other tools that the legislature can and should consider this session, including looking at our land use and regulatory system, we believe HB 3302 is a positive step and we encourage your support.

Thank you.

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