HB 3236 -1 STAFF MEASURE SUMMARY

House Committee On Housing and Homelessness

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Sub-Referral To: House Committee On Revenue
Meeting Dates: 2/12

WHAT THE MEASURE DOES:

Establishes the Affordable Housing Lender Fund for the purpose of funding the origination and servicing of mortgage loans and related costs for eligible home buyers, specifies eligibility criteria. Directs the Department of Revenue to allow a credit against taxes to a lending institution that makes a qualified loan to the Affordable Housing Lender Fund on or after January 1, 2026, and to tax years beginning on or after January 1, 2026. Takes effect on 91st day following adjournment sine die.

Fiscal impact: May have fiscal impact, but no statement yet issued
Revenue impact: May have revenue impact, but no statement yet issued

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-1 Replaces the measure.

Modifies the definition of "qualified loan" to include qualified mortgage loan funds that qualify for a credit against taxes to lending institutions permitted by the Department of Revenue. Defines "qualified mortgage loan fund" as a fund that is managed by an eligible lending institution, provides mortgages to first-time home buyers, issues mortgages for homes under a land trust mortgage, and lends to households with incomes at or below 80% of the area median income. Clarifies these provisions apply to loans made in tax years beginning on or after January 1, 2026. Takes effect on 91st day following adjournment sine die.

BACKGROUND:

ORS 317.097 establishes a tax credit for lending institutions that make "qualified loans" to finance housing projects meeting specific affordability and development criteria. The Department of Revenue is directed to allow a credit against taxes otherwise due for a lending institution that makes a qualified loan certified by the Housing and Community Services Department. The amount of this credit is calculated as the difference between the finance charge actually charged at an annual rate below the market rate and the finance charge that would have been charged on a comparable nonsubsidized loan. However, this credit is capped at a maximum of four percent of the average unpaid balance of the loan during the tax year. If the credit is not fully used in a particular tax year, it may be carried forward for up to five additional years. To qualify for the credit, the lending institution must provide loans—either directly or through the purchase of bonds—intended to finance or refinance housing construction, development, acquisition, or rehabilitation projects that serve low-income populations. Specific conditions and certifications are required depending on the type of housing financed, including provisions for owner-occupied community rehabilitation programs, manufactured dwelling parks, and preservation projects, with refinancing treated equivalently to new loans. Additionally, the Housing and Community Services Department must certify that each qualified loan complies with the limitations and timeframes set out in the law, which may be up to 30 years for certain projects and 20 years for others, while ensuring that total outstanding credits do not exceed $35 million in any fiscal year. The statute also allows for the sale of qualified loans to qualified assignees and permits community development corporations to transfer tax credits to related entities. Finally, the law includes administrative provisions requiring annual reporting by lending institutions, potential joint filing requirements, and the authority for both the Housing and Community Services Department and the Department of Revenue to adopt rules necessary to implement these provisions.