

HB 3236 A STAFF MEASURE SUMMARY

House Committee On Revenue

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Meeting Dates: 5/6, 5/27

WHAT THE MEASURE DOES:

Expands qualification of affordable housing lenders tax credit. Adds 'qualified mortgage loan fund' to the definition of qualified loan and loan eligibility. Defines terms. Expands loan eligibility to include loan proceeds used to finance preservation or rehabilitation of housing in financial or physical distress that is certified by the Housing and Community Services Department and is or will be occupied by households earning 80 percent or less of area median income. Aligns statutory language with existing sunset of tax credit. Applies to loans made on or after January 1, 2026, and to tax years beginning on or after January 1, 2026. Takes effect on the 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Overview of the credit
- Changes in ongoing costs associated with affordable housing (e.g., insurance, maintenance, repairs)
- Existing limitation of \$35 million on the credit
- Current availability under the credit cap
- Proposed expansions to the credit qualification of projects.

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Corporations that make qualified loans at below market interest rates for eligible housing projects are allowed a tax credit equal to the difference between the finance charge on the loan and the finance charge that would have been imposed if the loan were issued at market interest rates. The Oregon tax credit is generally taken over the 20-year lifespan of the related loans and is equal to the reduction in interest payments collected by the lender. The reduced interest rate is a maximum of four percentage points below the market rate.

Tax credit eligible housing projects include the construction, development, acquisition, or rehabilitation of specified housing: a manufactured dwelling park, low-income housing, or a preservation project. Qualified loans are those that are certified by the Oregon Housing and Community Services Department (OHCS). OHCS may certify qualified loans such that the total amount of outstanding tax credits in any fiscal year does not exceed \$35 million. To qualify for the tax credit, qualified loans must be certified by OHCS before January 1, 2032.