

HB 3236-1
(LC 2722)
1/30/25 (CMT/ps)

Requested by Representative NATHANSON (at the request of Network for Oregon Affordable Housing)

**PROPOSED AMENDMENTS TO
HOUSE BILL 3236**

1 On page 1 of the printed bill, delete lines 5 through 27 and delete pages
2 2 through 5 and insert:

3 **“SECTION 1.** ORS 317.097, as amended by section 25, chapter 75, Oregon
4 Laws 2024, is amended to read:

5 “317.097. (1) As used in this section:

6 “(a) ‘Annual rate’ means the yearly interest rate specified on the note,
7 and not the annual percentage rate, if any, disclosed to the applicant to
8 comply with the federal Truth in Lending Act.

9 “(b) ‘Bonds’ means a bond, as defined in ORS 286A.001, if issued on behalf
10 of the Housing and Community Services Department, or bonds, as defined in
11 ORS 456.055, if issued by a housing authority.

12 “(c) ‘Finance charge’ means the total of all interest, loan fees, interest
13 on any loan fees financed by the lending institution, and other charges re-
14 lated to the cost of obtaining credit.

15 “(d) ‘Lending institution’ means any insured institution, as that term is
16 defined in ORS 706.008, any mortgage banking company that maintains an
17 office in this state or any community development corporation that is or-
18 ganized under the Oregon Nonprofit Corporation Law.

19 “(e) ‘Limited equity cooperative’ means a cooperative corporation formed
20 under ORS chapter 62 whose articles of incorporation, in addition to the
21 other requirements of ORS chapter 62, prohibit members from selling their

1 ownership interests:

2 “(A) To any person other than a low income person; or

3 “(B) For a sales price that exceeds the sum of:

4 “(i) The price the member paid for the ownership interest;

5 “(ii) The cost of any permanent improvements the member made to the
6 housing unit during the member’s ownership;

7 “(iii) Any special assessments the member paid to the limited equity co-
8 operative during the member’s ownership that were expended to make per-
9 manent improvements to the building in which the member’s housing unit is
10 located; and

11 “(iv) A return on the amounts described in sub-subparagraphs (i) to (iii)
12 of this subparagraph, computed from the year in which the respective amount
13 was paid, that equals the greater of the result of adjusting each amount by
14 the percentage increase, if any, in the Consumer Price Index for All Urban
15 Consumers, West Region (All Items), as published by the Bureau of Labor
16 Statistics of the United States Department of Labor, or of increasing each
17 amount by three percent compounded annually.

18 “(f) ‘Manufactured dwelling park’ has the meaning given that term in
19 ORS 446.003.

20 “(g) ‘Nonprofit corporation’ means a corporation that is exempt from in-
21 come taxes under section 501(c)(3) or (4) of the Internal Revenue Code as
22 amended and in effect on December 31, 2023.

23 “(h) ‘Preservation project’ means housing that was previously developed
24 as affordable housing with a contract for rent assistance from the United
25 States Department of Housing and Urban Development or the United States
26 Department of Agriculture and that is being acquired by a sponsoring entity.

27 “(i) ‘Qualified assignee’ means any investor participating in the secondary
28 market for real estate loans.

29 “(j) ‘Qualified borrower’ means any borrower that is a sponsoring entity
30 that has a controlling interest in the real property that is financed by a

1 qualified loan. A controlling interest includes a controlling interest in the
2 general partner of a limited partnership that owns the real property.

3 “(k) ‘Qualified loan’ means:

4 “(A) A loan that meets the criteria stated in subsection (5) of this section
5 or that is made to refinance a loan that meets the criteria described in sub-
6 section (5) of this section; [or]

7 “(B) The purchase by a lending institution of bonds, the proceeds of which
8 are used to finance or refinance a loan that meets the criteria described in
9 subsection (5) of this section[.]; **or**

10 **“(C) A qualified mortgage loan fund.**

11 **“(L) ‘Qualified mortgage loan fund’ means a fund that:**

12 **“(A) Is operated by a lending institution described in subsection (12)**
13 **of this section;**

14 **“(B) Makes mortgages to first-time home buyers;**

15 **“(C) Makes mortgages for homes subject to a land trust mortgage;**
16 **and**

17 **“(D) Makes mortgages to households that, at the time of mortgage**
18 **origination, have income that is 80 percent or less of area median in-**
19 **come as defined in ORS 458.610.**

20 “[L] (m) ‘Sponsoring entity’ means a nonprofit corporation, nonprofit
21 cooperative, state governmental entity, local unit of government as defined
22 in ORS 466.706, housing authority or any other person, provided that the
23 person has agreed to restrictive covenants imposed by a nonprofit corpo-
24 ration, nonprofit cooperative, state governmental entity, local unit of gov-
25 ernment or housing authority.

26 “(2) The Department of Revenue shall allow a credit against taxes other-
27 wise due under this chapter for the tax year to a lending institution that
28 makes a qualified loan certified by the Housing and Community Services
29 Department as provided in subsection (7) of this section. The amount of the
30 credit is equal to the difference between:

1 “(a) The amount of finance charge charged by the lending institution
2 during the tax year at an annual rate less than the market rate for a quali-
3 fied loan that is made before January 1, 2026, that complies with the re-
4 quirements of this section; and

5 “(b) The amount of finance charge that would have been charged during
6 the tax year by the lending institution for the qualified loan for housing
7 construction, development, acquisition or rehabilitation measured at the an-
8 nual rate charged by the lending institution for nonsubsidized loans made
9 under like terms and conditions at the time the qualified loan for housing
10 construction, development, acquisition or rehabilitation is made.

11 “(3) The maximum amount of credit for the difference between the
12 amounts described in subsection (2)(a) and (b) of this section may not exceed
13 four percent of the average unpaid balance of the qualified loan during the
14 tax year for which the credit is claimed.

15 “(4) Any tax credit allowed under this section that is not used by the
16 taxpayer in a particular year may be carried forward and offset against the
17 taxpayer’s tax liability for the next succeeding tax year. Any credit remain-
18 ing unused in the next succeeding tax year may be carried forward and used
19 in the second succeeding tax year, and likewise, any credit not used in that
20 second succeeding tax year may be carried forward and used in the third
21 succeeding tax year, and any credit not used in that third succeeding tax
22 year may be carried forward and used in the fourth succeeding tax year, and
23 any credit not used in that fourth succeeding tax year may be carried for-
24 ward and used in the fifth succeeding tax year, but may not be carried for-
25 ward for any tax year thereafter.

26 “(5) To be eligible for the tax credit allowable under this section, a
27 lending institution must make a qualified loan by either purchasing bonds,
28 the proceeds of which are used to finance or refinance a loan that meets the
29 criteria stated in this subsection, or making a loan directly to:

30 “(a) An individual or individuals who own a dwelling, participate in an

1 owner-occupied community rehabilitation program and are certified by the
2 local government or its designated agent as having an income level when the
3 loan is made of 80 percent of the area median income or less;

4 “(b) A qualified borrower who:

5 “(A) Uses the loan proceeds to finance construction, development, acqui-
6 sition or rehabilitation of housing, including housing in the form of a limited
7 equity cooperative; and

8 “(B) Provides a written certification executed by the Housing and Com-
9 munity Services Department that the:

10 “(i) Housing created by the loan is or will be occupied by households
11 earning 80 percent of the area median income or less; and

12 “(ii) Full amount of savings from the reduced interest rate provided by
13 the lending institution is or will be passed on, in the form of reduced housing
14 payments, to the tenants or to the holders of proprietary leases in a limited
15 equity cooperative;

16 “(c) Subject to subsection (14) of this section, a qualified borrower who:

17 “(A) Uses the loan proceeds to finance construction, development, acqui-
18 sition or rehabilitation of housing consisting of a manufactured dwelling
19 park; and

20 “(B) Provides a written certification executed by the Housing and Com-
21 munity Services Department that the housing will continue to be operated
22 as a manufactured dwelling park during the period for which the tax credit
23 is allowed;

24 “(d) A qualified borrower who:

25 “(A) Uses the loan proceeds to finance acquisition or rehabilitation of
26 housing consisting of a preservation project; and

27 “(B) Provides a written certification executed by the Housing and Com-
28 munity Services Department that the housing preserved by the loan:

29 “(i) Is or will be occupied by households earning 80 percent of the area
30 median income or less; and

1 “(ii) Is the subject of a rent assistance contract with the United States
2 Department of Housing and Urban Development or the United States De-
3 partment of Agriculture that will be maintained by the qualified borrower;
4 [or]

5 “(e) A qualified borrower who:

6 “(A) Uses the loan proceeds to finance construction, development, acqui-
7 sition or rehabilitation of housing; and

8 “(B) Provides a written certification executed by the Housing and Com-
9 munity Services Department or the governmental party to the rent assistance
10 contract that the housing preserved by the loan:

11 “(i) Is or will be occupied by households earning 80 percent of the area
12 median income or less; and

13 “(ii) Is the subject of a rent assistance contract with the federal govern-
14 ment or with a state or local government that will be maintained by the
15 qualified borrower and that limits a tenant’s rent to no more than 30 percent
16 of their income[.]; **or**

17 **“(f) A qualified mortgage loan fund.**

18 “(6) A loan made to refinance a loan that meets the criteria stated in
19 subsection (5) of this section must be treated the same as a loan that meets
20 the criteria stated in subsection (5) of this section.

21 “(7) For a qualified loan to be eligible for the tax credit allowable under
22 this section, the Housing and Community Services Department must execute
23 a written certification for the qualified loan that:

24 “(a) States that the qualified loan is within the limitation imposed by
25 subsection (8) of this section; and

26 “(b) Specifies the period, as determined by the Housing and Community
27 Services Department, during which the tax credit is allowed for the qualified
28 loan, not to exceed:

29 “(A) 30 years, for a qualified loan with a contract for rent assistance or
30 financing resources from the United States Department of Agriculture, for

1 new housing construction, acquisition of housing or a preservation project;
2 or

3 “(B) 20 years, for any other type of qualified loan.

4 “(8) The Housing and Community Services Department may certify quali-
5 fied loans that are eligible under subsection (5) of this section if the total
6 credits attributable to all qualified loans eligible for credits under this sec-
7 tion and then outstanding do not exceed \$35 million for any fiscal year. In
8 making loan certifications under subsection (7) of this section, the Housing
9 and Community Services Department shall attempt to distribute the tax
10 credits statewide, but shall concentrate the tax credits in those areas of the
11 state that are determined by the Oregon Housing Stability Council to have
12 the greatest need for affordable housing.

13 “(9) The tax credit provided for in this section may be taken whether or
14 not:

15 “(a) The financial institution is eligible to take a federal income tax
16 credit under section 42 of the Internal Revenue Code with respect to the
17 project financed by the qualified loan; or

18 “(b) The project receives financing from bonds, the interest on which is
19 exempt from federal taxation under section 103 of the Internal Revenue Code.

20 “(10) For a qualified loan defined in subsection (1)(k)(B) of this section
21 financed through the purchase of bonds, the interest of which is exempt from
22 federal taxation under section 103 of the Internal Revenue Code, the amount
23 of finance charge that would have been charged under subsection (2)(b) of
24 this section is determined by reference to the finance charge that would have
25 been charged if the federally tax exempt bonds had been issued and the tax
26 credit under this section did not apply.

27 “(11) A lending institution may sell a qualified loan for which a certi-
28 fication has been executed to a qualified assignee whether or not the lending
29 institution retains servicing of the qualified loan so long as a designated
30 lending institution maintains records, annually verified by a loan servicer,

1 that establish the amount of tax credit earned by the taxpayer throughout
2 each year of eligibility.

3 “(12) Notwithstanding any other provision of law, a lending institution
4 that is a community development corporation organized under the Oregon
5 Nonprofit Corporation Law may transfer all or part of a tax credit allowed
6 under this section to one or more other lending institutions that are stock-
7 holders or members of the community development corporation or that oth-
8 erwise participate through the community development corporation in the
9 making of one or more qualified loans for which the tax credit under this
10 section is allowed.

11 “(13) The lending institution shall file an annual statement with the
12 Housing and Community Services Department, specifying that it has con-
13 formed with all requirements imposed by law to qualify for a tax credit under
14 this section.

15 “(14) Notwithstanding subsection (1)(j) and (L) of this section, a qualified
16 borrower on a loan to finance the construction, development, acquisition or
17 rehabilitation of a manufactured dwelling park under subsection (5)(c) of this
18 section must be:

19 “(a) A nonprofit corporation, manufactured dwelling park nonprofit co-
20 operative, state governmental entity, local unit of government as defined in
21 ORS 466.706 or housing authority; or

22 “(b) A nonprofit corporation or housing authority that has a controlling
23 interest in the real property that is financed by a qualified loan. A control-
24 ling interest includes a controlling interest in the general partner of a lim-
25 ited partnership that owns the real property.

26 “(15) The Department of Revenue may require that a lending institution
27 that has earned the credit and a lending institution that intends to claim the
28 credit jointly file a notice, as prescribed by the Department of Revenue. The
29 notice must comply with ORS 315.056 (2) or 315.058 (2).

30 “(16) The Housing and Community Services Department shall provide in-

1 formation to the Department of Revenue about all certifications executed
2 under this section, if required by ORS 315.058.

3 “(17) The Housing and Community Services Department and the Depart-
4 ment of Revenue may adopt rules to carry out the provisions of this section.

5 **“SECTION 2. The amendments to ORS 317.097 by section 1 of this
6 2025 Act apply to loans made and tax years beginning on or after
7 January 1, 2026.**

8 **“SECTION 3. This 2025 Act takes effect on the 91st day after the
9 date on which the 2025 regular session of the Eighty-third Legislative
10 Assembly adjourns sine die.”**

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