

# Oregon Housing and Community Services Department

---



## Legislature Update

February 23, 2009

**Lisa Joyce**  
Legislative Relations Manager



### For More Information

Lisa Joyce  
Legislative Relations Manager  
Ph: (503) 986-0951  
(503) 510-2856  
Email: [Lisa.Joyce@hcs.state.or.us](mailto:Lisa.Joyce@hcs.state.or.us)

---

Page 1 of 2

OHCS showcased the power of the Oregon Affordable Housing Tax Credit (OAHTC) at a hearing of the Senate Finance and Revenue Committee last week.

SB199 will raise Oregon Affordable Housing Tax Credit (OAHTC) funding from \$17 million to \$21 million. The increase will help preserve 3,477 at-risk units of federally subsidized housing up for renewal in the 2009-2011 biennium.

"The bill also helps prevent displacement of tenants and maintains the housing's affordability for 20 to 60 years," said Rick Crager, deputy director of Oregon Housing and Community Services (OHCS), the state agency that manages OAHTC funding. "It will create some \$100 million in loan funds at interest rates significantly below market."

Last year, \$1.9 million on OAHTC tax credits saved the state \$56.6 million in federal rent subsidies by preserving 786 federally subsidized homes. Cost to replace these units would have cost the state about \$157.2 million.

"Investing tax credits now is far less expensive than creating new housing," Crager said. "Last year's \$46.4 million in affordable housing loans created an estimated \$510.4 million in economic benefit – about \$11 for every dollar spent."

The agency is currently underwriting an additional 364 units of preservation projects with \$1.1 million of OAHTC commitments, Crager said.

"If we don't replace these units, we could lose \$219.3 million in federal subsidy dollars projected to flow into Oregon over the next 20 years," he explained. "The replacement value of these at-risk units is \$695.4 million, so it only makes sense to preserve the federal subsidies."

Some \$16.1 million slated for OHCS in the Governor's proposed budget will help keep these at-risk units.

"The OAHTC program allows lenders to make larger loans and reduces the demand for public funding," Crager said.

OAHTC allows banks to lower interest rates for affordable housing by 4 percent, and then claim a state income-tax credit equal to interest income lost by the rate reduction. Property owners then pass all of interest savings to low-income tenants by reducing rents.

Legislation in 2007 provided an exception for preservation projects and manufactured dwelling park purchases, since those properties already provide low rents.



# Oregon Housing and Community Services Department

---



## Legislature Update

February 23, 2009

**Lisa Joyce**  
Legislative Relations Manager



### For More Information

Lisa Joyce  
Legislative Relations Manager  
Ph: (503) 986-0951  
(503) 510-2856  
Email: [Lisa.Joyce@hcs.state.or.us](mailto:Lisa.Joyce@hcs.state.or.us)

---

Page 2 of 2

Because the bill may have a revenue impact, legislators will wait to take action on SB199 until later in the session.

In other action:

**HB 2259:** The bill that renames Community Action Directors of Oregon (CADO) to Community Action Partnership of Oregon passed the house Thursday.

**Budget reconciliation:** Oregon Housing and Community Services and a number of other agencies, including Employment, the Oregon Liquor Control Commission, and the Bureau of Labor and Industries describe the impact of proposed reductions to their 2007-2009 biennial budgets. Legislative leadership plans to finish work on the current biennium's budget in the next few weeks.

### OAHTC Program Strengths

- The tenant, not the bank or owner, gets 100 percent of the tax credit benefit.
- Leverages bank and private investment for communities that may not otherwise see such investments.
- The program is extremely efficient, with little program overhead.
- Delivers an economic stimulus effect.
- Provides lasting economic benefits to local vendors for supplies and services such as landscaping, repairs and maintenance.
- Frees tenants' limited income to pay for healthcare, food, clothing and other necessities.

### For more information, please contact:

**Lisa Joyce**, OHCS Legislative Relations Manager

PH: (503) 986-0951

E-mail: <mailto:Lisa.Joyce@hcs.state.or.us>



725 Summer St NE Suite B, Salem, Oregon 97301-1266 | [www.oregon.gov/ohcs](http://www.oregon.gov/ohcs)

TEL 503.986.2000 | FAX 503.986.2020 | TTY 503.986.2100

Page 2 of 2

