



Lisa Joyce
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LEGISLATIVE UPDATE

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New sunsets proposed for several affordable housing programs

Salem - A bill moving through the house will enhance legislative oversight of several Oregon Housing and Community Services (OHCS) programs by implementing a schedule of “sunsets” on all state tax-credit programs.

“This will give us an opportunity to shine a light on the successes of these programs,” said **Rick Crager**, deputy director of OHCS.

House Bill (HB) 2067 creates or adjusts sunset provision for certain personal income or corporate excise tax credits that are not required under federal law or Oregon Constitution. If enacted, the bill will affect the Farmworker Housing Tax Credit, the Oregon Affordable Housing Tax Credit and the Individual Development Account program.

The power of the Oregon Affordable Housing Tax Credit was described in a previous update: http://www.ohcs.oregon.gov/OHCS/news/pdf/LegUpdate_022309.pdf. The Neighborhood Partnership Fund operates the Individual Development Account program under a contract with the department. Visit <http://ida.tnfp.org> for an overview of the program’s goals and success stories.

Between 2002 and the end of 2008, 60 projects benefited from resources generated by the Farmworker Housing tax credit. It provides a state income-tax credit to investors who incur costs to construct, install, acquire or rehabilitate farmworker housing. Currently, the program has no sunset date, but under the proposed law, would close in 2016.

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“We know that the need for farmworker housing far exceeds its availability,” **Crager** said. “This program provides affordable housing for a valuable population as well as an economic stimulus to the local economy”

For each dollar of housing tax credits, the nonprofit housing developer is able to leverage up to \$5 in other resources to finance the housing development. The projects provide economic stimulus throughout the local economy by creating jobs, activity at local businesses, and enhancing the community.

“Nonprofit housing developers typically sell the tax credits to banks,” **Crager** explained. “Through this mechanism, banks make investments in their communities, communities benefit from the reduction of over-crowded housing, and farmworker families get good quality housing.”

HB 2067 proposes a schedule for reviewing tax-credit programs by area. The idea is to ensure that the programs meet their legislative intent and provide a value to the public. Credits will sunset by program type:

- **Environment/Agriculture/Business** proposed sunset: 2014. No OHCS programs affected.
- **Community Services/Education/Housing** proposed sunset: 2016. Affects Farmworker Housing Construction Credit, Farmworker Housing Lender’s Credit, and Oregon Affordable Housing Lender’s Credit.
- **Family/Child Care/Medical** proposed sunset: 2018. Affects Individual Development Account Contribution (Credit) and Individual Development Account Withdrawal (Credit).

Under the new schedule, the Oregon Affordable Housing tax credit will come up for review four years earlier than is now set by law; the Oregon Affordable Housing tax credit will expire four years earlier than its current 2020 sunset; and the Individual Development Account tax credit will expire in 2018 instead of 2012.

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“During these tough budget times, the legislature must be certain to spend state resources responsibly. The tax credits sunsets will allow the Revenue Committee to review the programs just as it would budgets considered in Ways and Means,” **Crager** said. “Members will determine whether or not the programs are meeting the state’s need. It’s all about accountability – are we getting good value from the money we spend.”

In other action:

A series of public hearings in late April will allow Oregonians to address cuts to various state budgets now under scrutiny by the Joint Ways and Means committee. The hearings are part of a schedule announced Friday by co-chairs Sen. **Margaret Carter** (D-Portland) and Rep. **Peter Buckley** (D-Ashland) for committee members to balance and prepare the 2009-11 state budget for legislative approval. Federal stimulus dollars and state reserve funds may help patch the ailing budget, but are not enough to bridge the estimated \$3.1 to \$4.4 billion deficit legislators now face.

“We are in dire circumstances and cuts this deep will have a profound affect on all Oregonians,” **Carter** said. “We want to hear from the people about how their day-to-day lives will be affected as we evaluate the impact cuts of this magnitude will have on our communities, our families and our schools, and as we seek to mitigate the worst of the cuts.”

Information on potential General Fund cuts to all state agencies, amounting to 30 percent each, can be found at www.leg.state.or.us/budget/.

Weekly updates:

- **HB 2255:** Defines manufactured dwelling park units in manufactured dwelling park nonprofit cooperatives as real property instead of personal property. Passed, to the House floor.
- **HB 2256:** Allows the State Housing Council to set its own dollar-value thresholds for review of loan, grants and other funding for proposed multi-family housing projects. Passed, to Governor for signature.

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- **HB 2257:** Simplifies the process for OHCS to invest Community Development Incentive Project Funds in affordable housing preservation. Passed, to Governor for signature.
- **HB 2258A:** Makes Individual Development Account accessible to more low-income Oregonians and removes urban bias in the program's eligibility status. Passed, to Governor for signature.
- **HB2259:** Brings Oregon into alignment with national practices for naming community action networks by changing "Community Action Directors of Oregon" to "Community Action Partnership of Oregon. Passed, to Governor for signature.
- **HB 2261:** Streamlines process for issuance of tax-exempt bonds for affordable housing project development by formalizing that OHCS can pair tax-exempt and taxable bonds with Oregon Affordable Housing tax credits to finance projects. Hearing/work session scheduled for Wednesday.
- **SB 199:** Prevents the loss of existing affordable housing through a \$4 million increase in the Oregon Affordable Housing tax credit cap. Preserves existing Section 8 and Rural Development federal rent subsidies. Amendments likely. Hearing/work session scheduled for Wednesday.
- **SB 200:** Establishes Oregon's policy to end homelessness; requires greater collaboration between OHCS and the Department of Human Services; proposed permanent housing to be the state's preferred response to homelessness; and calls for a comprehensive and coordinated response to meet the individual needs of homeless persons. Passed Senate, awaiting assignment to House Committee.
- **SB 201A:** Reduces the energy costs faced by low-income individuals in single- and multi-family housing, including those financed by OHCS. No fiscal. Passed out of Senate Committee March 26.
- **SB 5535:** Provides \$19.4 million in lottery-backed bonds to preserve affordable housing and manufactured home dwelling parks. Will move during Ways and Means.
- **Farmworker Housing Grant Program:** Hearing slated for next week.

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Home Ownership Preservation Event

10 a.m. to 7 p.m.
Saturday, May 2
Portland Memorial Coliseum

Providing 1-to-1 counseling, workshops and information on options to keeping your home.

Get answers from government agencies, nonprofit counselors and lenders about:

- Refinancing your loan
- Modifying your loan
- New government housing programs
- Avoiding foreclosure scams

Info/Register: www.dfcs.oregon.gov/HOPE.html

Call 503-947-7854 or 503-947-068

Sponsored by: Mortgage Lending Education Board/OAMP, Bureau of Housing and Community Development; Oregon Department of Justice, Oregon Housing and Community Services, Portland Development Commission, NeighborWorks America, Oregon Department of Consumer and Business Services, Federal Reserve Bank of San Francisco.

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