



February 10, 2022

House Committee on Revenue
Oregon State Legislature
900 Court Street NE
Salem, OR 97301

Dear Chair Nathanson, Vice-Chair Pham, Vice-Chair Reschke, and Members of the Committee:

I am writing today to urge your support of House Bill 4043 which would create an incentive to encourage preservation of at risk, publicly supported housing.

Network for Oregon Affordable Housing, NOAH is a statewide non-profit lender created in 1990. We finance affordable multifamily rental properties across the state and work closely with housing advocates and our borrowers, to create and preserve affordable rental housing. Since 2007 we have facilitated the Oregon Housing Preservation Project which together with partners, has preserved over 15,000 units of publicly supported housing.

HB 4043 compliments Oregon's existing preservation statute known as PuSH, which provides an opportunity to purchase and preserve expiring affordable housing projects but does not include financial resources to do so.

Over the last five decades, billions have been invested in the development of privately-owned, publicly supported housing here in Oregon and across the country. As rent-restricted properties come to the end of their contract period, owners may elect to convert them to market rate rentals or other uses. During the next 10 years, project maturities and subsidy contract expirations, will be happening with increasing frequency. According to Oregon Housing, between now and 2031, some 7,500 affordable rental homes across the state will mature. Many of those will be preserved but many others will convert to market.

Oregon prioritizes preservation of affordable housing, but we need to expand our toolbox of preservation policies and funding sources. HB 4043 would create a new, modest but effective, preservation tool that incentivizes owners to sell their property to a buyer willing to preserve it.

The bill would create an incentive similar to that offered by Oregon's capital gains tax exemption on the sale of a manufactured home park to a resident cooperative or nonprofit. That tax exemption has proven valuable in the effort to preserve Oregon manufactured home parks.

Rather than a tax exemption, HB 4043 would create a credit to offset the seller's taxes when they sell their property to a buyer who agrees to preserve it. The credit could only be claimed if the purchaser agrees to execute a 30-year project use agreement.

As you know, public funding is very competitive and isn't always available when the opportunity to preserve an expiring property presents itself. The preservation tax credit could be used to help secure an expiring property at times when public funding is not immediately available.

We're confident the tax incentive offered by HB 4043 will encourage many owners to consider selling their property to a preservation-focused buyer, rather than convert it to market rate housing. I urge Committee members to support House Bill 4043.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "R P".

Rob Prasch, Preservation Director
Network for Oregon Affordable Housing