



HOUSING ALLIANCE

June 2, 2021

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

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

I am writing to you today on behalf of the Oregon Housing Alliance to express our support for the provisions related to affordable housing and homeownership included in the -2 amendments to HB 2456.

The Oregon Housing Alliance is a coalition of more than ninety organizations from all parts of the state. Our members have come together with the knowledge that housing opportunity is the foundation on which all of our success is built – individual success as students, parents, workers, and community members as well as the success of our communities. We represent a diverse set of voices including non-profit housing developers, residents of affordable housing, local jurisdictions, and organizations working to meet basic needs in every corner of our state.

We believe that all Oregonians need a safe, stable, and affordable place to call home.

Prior to the COVID-19 pandemic, we knew that already, too many seniors, families, and people who experience disabilities were paying too much of their income towards rent, and were experiencing other forms of housing instability. In Oregon, three out of four households with extremely low incomes pay over half of their income towards rent. When people pay that much of their income towards rent, they have too few resources left over for food, medicine, or utilities. An emergency of a few hundred dollars may mean they end up experiencing homelessness.

Local Option Affordable Housing Property Tax Exemption

The Legislature has authorized several property tax exemptions for affordable housing, including ORS 307.515 and ORS 307.540. Local option property tax exemptions are one tool local jurisdictions can use to help incentivize and make financially viable affordable housing developments in their communities.

Property tax exemptions for affordable housing are critical for several reasons. Exemptions recognize the importance of affordable housing to our communities, and provide an on-going financial subsidy to the project. Without property tax exemptions, local affordable housing developers would need additional resources to serve the lowest income members of our communities.

Communities across Oregon have adopted the property tax exemptions authorized under ORS 307.515 and ORS 307.540 to help ensure affordable housing is a part of our communities. Each

affordable housing development that is built or rehabilitated using the exemption provides a safe, stable, and affordable home to people in the community with low incomes.

In 2017, the federal government made a critical change that will allow for more people of different income levels to be served by affordable housing. This policy adopted by the federal government impacts the federal Low Income Housing Tax Credit (LIHTC), which is one of the main tools to develop affordable housing in our communities. The LIHTC program was designed to serve 60% AMI households. The policy, called income averaging, allows a development to serve people with higher incomes (up to 80% of area median income) if the property also serves people with lower incomes, and the average income of the property remains at 60% of area median income. Income averaging was created to serve people with incomes up to 80% of AMI, which particularly in rural areas has increasingly not been served by the market, meaning folks earning 80% of AMI make too much to qualify for affordable housing but do not make enough to afford market rate housing. In addition, the policy was adopted to help the program better serve people who earn incomes below 60% of AMI.

We need the most affordable homes for people with the very lowest incomes in our community, including seniors living on social security, people experiencing disabilities and people experiencing homelessness. A developer who chose to use income averaging would be required to serve people with lower incomes in order to meet the rules under the program, and have the average income at the property remain at 60% AMI. A recent Oregon development which closed with the intent to serve all 60% households will be able to diversify the incomes served by using income averaging to serve families ranging from 30% to 70% better serving the housing need. If projects like this are required to pay property taxes on the units above 60%, it defeats the ability for the units over 60% to be able to subsidize lower income units.

Oregon Housing and Community Services, which regulates affordable housing providers and the Low Income Housing Tax Credit program has began implementing the income averaging policy, and we need our local option property tax exemptions to align with these new criteria. The first project using this tool is currently under development in the City of Gresham.

The language included in Sections 2 through 6 of the -2 amendments to HB 2456 would raise the income limits served by these exemptions from 60% of area median income to 80% of area median income to align with the new federal definitions, if and only if the project is using this new federal program. The change would allow local jurisdictions to have choice and flexibility about whether to allow this new policy in their community.

Home Ownership Limited Tax Exemption (HOLTE) Technical Fix

In addition to the local option property tax exemptions authorized for affordable rental housing, the Legislature has also authorized the Home Ownership Limited Tax Exemption through ORS 307.651. This exemption provides a limited property tax exemption for housing for purchase, which helps support the development of affordable homeownership and helps homeowners with limited incomes to afford a home.

Today, this important program is helping to support people with moderate incomes to access homeownership. However, there is a need for a small technical change to the program.

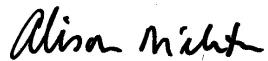
The current state enabling statute requires that from application, the development be completed within two years, without exception. Unfortunately, there are circumstances in which an

affordable housing developer can be working hard to build the affordable home, and the process from acquisition of the land to funding to construction may last more than two years.

We are supporting the proposed technical fix included in Sections 9 through 12 of the -2 amendments, which will allow a local jurisdiction, on a case by case basis, to grant an extension of this two year timeline if the applicant can demonstrate progress.

We urge you to support of HB 2456 with the -2 amendments. Thank you very much for your time, and for your service to our state.

Sincerely,



Alison McIntosh
On Behalf of the Oregon Housing Alliance

Housing Alliance Members

1000 Friends of Oregon
211info
Aging in the Gorge
Benton Habitat for Humanity
Bienestar
Bradley Angle
BRIDGE Housing
Business for a Better Portland
CASA of Oregon
Central City Concern
Chrismen Development
Church Women United of Lane County
City of Beaverton
City of Eugene
City of Forest Grove
City of Hillsboro
City of Hood River
City of Portland
City of Tigard
Clackamas County
Coalition of Community Health Clinics
Coalition of Housing Advocates
College Housing Northwest
Community Action Partnership of Oregon
Community Action Team
Community Alliance of Tenants
Community Development Partners
Community Housing Fund
Community Partners for Affordable Housing
Community Vision
Cornerstone Community Housing
DevNW
Ecumenical Ministries of Oregon
Enterprise Community Partners
Fair Housing Council of Oregon
Farmworker Housing Development Corp.
FOOD for Lane County
Habitat for Humanity of Oregon
Habitat for Humanity Portland/Metro East
Hacienda CDC
Home Forward
Homes for Good
Housing Authorities of Oregon
Housing Authority of Clackamas County
Housing Development Center
Housing Oregon
Human Solutions
Immigrant & Refugee Community Organization
Impact Northwest
Innovative Housing, Inc.
Interfaith Alliance on Poverty
JOIN
Lane County Health and Human Services
League of Oregon Cities
League of Women Voters of Oregon
Lincoln County
Looking Glass Community Services
Mainstream Housing Inc.
Metro
Mid-Columbia Housing Authority
NAYA Family Center
Neighborhood Partnerships
NeighborImpact
NeighborWorks Umpqua
Network for Oregon Affordable Housing
Northwest Housing Alternatives
Northwest Pilot Project
Oregon AFSCME Council 75
Oregon Coalition of Christian Voices
Oregon Center for Public Policy
Oregon Coalition on Housing & Homelessness
Oregon Council on Developmental Disabilities
Oregon Food Bank
Our Children Oregon
Partners for a Hunger-Free Oregon
Portland Community Reinvestment Initiatives
Portland Homeless Family Solutions
Proud Ground
Raphael House
REACH CDC
Residents Organizing for Change (ROC Oregon)
Rogue Action Center
Rose CDC
St. Francis Shelter
St. Vincent de Paul of Lane County, Inc.
ShelterCare
Sisters Habitat for Humanity
Sponsors, Inc.
SquareOne Villages
Street Roots
Think Real Estate
Transition Projects
Washington County
Welcome Home Coalition