



# HOUSING ALLIANCE

January 27, 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 HB 2456, and to note a change in the sections related to the Oregon Individual Development Account (IDA) Initiative.

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.

Since the beginning of the COVID-19 pandemic, all of us have spent much more time in our homes. It has become the place where we work, learn, worship, and play. Home has always been essential, and this year has showed us exactly how essential home is.

## **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.

This change is critical. 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 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 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.

**Oregon Individual Development Account (IDA) Initiative**

The Oregon IDA Initiative helps Oregonians with low incomes across the state achieve their financial dreams by offering matched savings coupled with coaching and support buying a home, making an investment in education, starting a business, or reaching another goal. This year, advocates will be seeking to renew the tax credit for Oregon IDA Initiative, in a separate vehicle, HB 2551. Your Committee will hear about this proposal in depth in the coming months! We would respectfully request that the Committee amend HB 2456 to remove Section 14.

We urge you to support of HB 2456. 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