

Oregon Agricultural Workforce (Farmworker) Housing Tax Credit

Request:

Increase the amount Agricultural Workforce Housing Tax Credit (AWHTC) to \$16.75 million (the AWHTC is formerly known as the Farmworker Housing Tax Credit or FHTC).

How effective is the credit?

In a review of State of Oregon Tax Expenditure reports since 2000, the amount of tax credits claimed has been substantially less than credits awarded. While accounting for timing differences, it appears that a significant amount of credits are going unused, which means that even while the credits are sold for a discount, the difference between the amount contributed and amount claimed is quite significant.

- Since 2001 AWHTC's have helped house more than 6000 farmworkers and their families. Since the credits inception in 1989, that number is likely close to 9,000.
- It is estimated that less than 4% of the housing needs for farmworkers in Oregon has been met.
- For every dollar in credits awarded, typically more than three are raised as leveraged resources.
- The majority of the funding has gone to community based projects owned by non-profit agencies and public housing authorities operating for the express purpose of providing affordable housing. OHCS has traditionally reserved a portion of the funding for new and renovation of on-farm housing as well.
- Compliance for community based projects is assured by the leveraged resources who annually monitor and ensure that the units are used for their intended purpose.
- Without this funding, too many farm workers would live in dilapidated, unsafe and overcrowded housing.

History

In 1989, the FHTC was passed by the Oregon legislature to help “alleviate the chronic housing conditions” in which agricultural laborers found themselves. The Immigration Reform and Control Act of 1988 had just passed and thousands of farm workers flooded to Oregon in order to adjust their status. Numerous newspaper, radio and television reports documented the struggles of these immigrants as they attempted to survive by living in cars, under bridges or in the hundreds of registered and unregistered labor camps across the state.

While the US Department of Agriculture’s Farm Labor Housing (FLH) program (created by Congress in 1949 in response to the abuse of Mexican agricultural laborers brought to the US by the Braceros program) provided funds for the construction of on-farm and community based housing, the national

demand for these funds meant that Oregon was one of many state's with limited access to the fund. Changes in the 90's to the FLH program required non-federal match in order to compete for these funds. State funding was very limited but the FWHTC was available to help provide leverage.

In 1999, the FHTC was set to expire. The legislature (recognizing that in spite of this excellent tool that had created over 325 community-based units and hundreds more new and rehabilitated on-farm housing since its inception) determined that it was woefully insufficient to meet the demand. The legislature provided a special "Migrant Million" to help fund some housing units and an interim legislative task force was created. Chaired by Kevin Mannix and Susan Castillo, it was tasked with looking at the entire system of housing for agricultural workers. In 2000, a comprehensive report by the Oregon League of Women Voters entitled "Farm Workers in Oregon" also helped make the case for the need for safe, decent and affordable housing for farmworkers.

In December 2000, the Interim Task Force completed its report. The task force identified 19 recommendations that were taken up by the 2001 legislature. Of the 19 recommendations, 15 were adopted. (The four recommendations not adopted would have required additional expenditures by the legislature and were not passed). One of the key items passed was the removal of the sunset and an increase in the annual eligible cost from \$3.3 M to \$7.5M. The credit was also increased from 30% to 50% of eligible costs.

As more states have created programs to provide local match for the FLH program, the competition for FLH funding has made it increasingly difficult to secure these funds. Oregon's state housing finance agency, Oregon Housing and Community Services, has consistently rated housing for this population as a top priority.

There are an estimated 172,000 migrant and seasonal farmworkers in Oregon (Estimates of Migrant and Seasonal Farmworker in Oregon, 2018 Estimate, Oregon Health Authority). Combined with an estimated 50,000 year-round farm workers, the total number of workers in Oregon is over 222,000.

How it works

The tax credit (ORS 315.164-169) allows for a credit to be taken against the eligible costs of a project that provides housing for agricultural workers. The project must be either new construction or substantial rehabilitation. The following is a brief summary of AWHTC application process:

- The owner of a proposed housing project applies to OHCS for an award of credits.
- The owner either uses the credits toward their tax liability or sells the credits to an investor if they have no tax liability.
- The investor/owner pays total equity investment to the project at construction completion but is only allowed to claim a maximum of 20% each year during the first five years. The credits not used in a given year can be rolled forward to a future year but must be taken by the end of the tenth year following construction completion.

- The owner must obtain leveraged resources to complete construction as this credit only provides a portion of the funding.
- At construction completion, the owner of on-farm housing obtains an OR-OSHA compliance letter stating that the housing meets habitability standards.
- Over the next five to ten years the owner submits an Annual Certification form to the Department of Revenue to claim the credit.

The following is an example of the **Canyon East Apartments in Madras, Oregon** that was completed in **October, 2011:**

24 unit, apartment complex housing approximately 100 farmworkers and their family members
 Unit Mix: 8 – 2bdrm, 12 – 3bdrm, and 4 – 4bdrm unit

Total Project Costs: \$4.5M

FWTC: \$300,000

Other Funds: \$4.2M (USDA Rural Development \$3.2M, HUD HOME \$600K, State Funds \$100K, FHLB \$300k)

Average income of farm worker: \$18,000 per year



Canyon East Apartments, Madras Oregon
Owned by Housing Works, Redmond, OR