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OHCS Director Andrea Bell testifies before Congress over tax incentives for affordable housing

SALEM, Ore. — Oregon Housing and Community Services Executive Director Andrea Bell testified before the Senate Committee on Finance on Wednesday morning. Committee Chair Ron Wyden, D-Ore., convened the congressional hearing to examine the role of tax incentives in affordable housing.

During the hearing, Director Bell explained how the tax code supports affordable housing for rental and homeownership because the economic fallout of the Covid-19 pandemic has made it even harder to produce affordable housing. Construction costs have gone up drastically due to the rising cost of commodities needed for construction, supply chain disruptions, and workforce shortages.

“In the state of Oregon, nearly 70 percent of all rental homes financed in the last five years relied on bonds,” Director Bell said. “Housing finance agencies and our partners across the nation are doing everything that we can to prevent deals from falling through, but the unfortunate reality is that sometimes-financing gaps are simply too large and, in some cases, there are no resources to pull from.”

Similar to other states, Oregon has a severe housing supply shortage. Even though OHCS is substantially ahead of schedule three years into the 5-year Statewide Housing Plan, with nearly 19,000 affordable homes in the pipeline, 90 percent of the goal of 25,000 homes, it is not enough to meet the growing need. More than 584,000 homes are needed to meet our state’s population growth over the next twenty years. Nearly half of those homes must be built to be affordable to low-income Oregonians.

“With rising interest rates, escalating home prices, skyrocketing rents due to the mismatch of supply and demand, many would-be homeowners are often left stuck renting,” testified Director Bell. “And more than 70 percent of extremely low-income renters across the United States spent more than half of their income on housing in 2021. That is 70 percent of individuals that have to make tough decisions every single month throughout the year about what bills they will be able to pay and how they are going to get by.”

Director Bell urged Congressional action to address the housing crisis and advance four bills she addressed in her testimony—the Affordable Housing Credit Improvement Act (AHCIA), the LIFELINE Act, the Affordable Housing Bond Enhancement Act, and the Neighborhood Homes Investment Act—to truly address the affordable housing crisis for both renters and homeowners.

The AHCIA is bipartisan legislation that would [increase](#) the supply of affordable housing by over 2 million homes, supporting 3 million jobs and generating \$120 billion in tax revenues and

\$346 billion in wages and business income. The most critical provisions in the AHCIA for increasing production are lowering the 50 percent test for bond-financed Housing Credit developments and increasing the Housing Credit volume cap. Lowering the 50 percent test is especially important for Oregon because of the state's high demand for bond cap. If the threshold for generating the full amount of 4 percent credits were lowered from 50 percent to 25 percent of total project costs, OHCS could finance more affordable housing using the same amount of total bond cap.

Director Bell's full congressional testimony can be viewed [here](#).

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