



NEWS RELEASE

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Oregon to receive millions from housing stimulus bill

(Salem) – Oregon homebuyers and renters will derive many millions of dollars from the housing bill signed today by the president, according to Victor Merced, director, Oregon Housing and Community Services.

This rescue for the deeply troubled housing-finance industry, the Housing and Economic recovery Act of 2008, is aimed at restoring public trust in the housing market. It does so by bolstering the financial standing of loan insurers Fannie Mae and Freddie Mac and by addressing severe challenges faced by the public confronted with escalating mortgage payments and falling home values.

An important aspect of the stimulus bill for Oregonians, the authority of the state to issue bonds to finance housing, is increased by \$123 million.

“This alone, will put a huge number of much-needed housing dollars into play,” Merced noted. “You can build a lot of apartments and homes and help preserve many housing units with that kind of money.”

Merced further pointed out that a significant, but as yet uncalculated, benefit to Oregon is the housing bill’s permanent elimination of the federal alternative minimum tax (AMT) on housing bonds and credits.

He explained that the AMT exemption will create a benefit for securities buyers who will be guaranteed they will not be taxed on the purchase of state housing finance bonds. This, in turn, will drive down interest rates the state must charge its home buyers.

The outcome, Merced declared, could give his agency, Oregon Housing and Community Services, the means to further reach out to home buyers, helping those who meet qualifications to obtain housing at below-market interest.

“We’re most pleased to report that Oregonians will share in the benefits that Congress—including most members of the state’s delegation—approved and the president signed. Calculations of the overall benefits to our state are in process. We do not yet know the totals, but we do know the dollar value is significant.”

With foreclosure rates up throughout the country and new housing construction faltering, the housing stimulus bill provides welcome resources to strengthen homeownership, rental housing and the home lending market. Provisions in the bill include:

- Increased housing tax credits for affordable housing.
- Increased bond authority for homeownership and affordable housing (noted above).
- Resources for foreclosure prevention, counseling and acquisition of foreclosed properties.
- Creation of a National Housing Trust Fund to finance more projects for very-low income households.
- Waiver of the alternative minimum tax for housing bonds and credits, bolstering the value of these bonds and credits (noted above).
- Awarding states a “boost” to bond financing for economically troubled housing projects.
- A first-time homebuyer credit.
- Encouraging creation of national standards for mortgage brokers and lenders.
- Creating a new independent regulator of Fannie Mae and Freddie Mac, the nation’s largest insurers of housing loans.
- Greater flexibility on the use of existing housing credits and bonds.

The new resources will enable the preservation and development of more affordable housing in Oregon. The state is currently providing housing to only a fraction of eligible low-income households.

While the new resources will provide more housing, a large unmet need will remain. Over the weeks and months ahead, details will be forthcoming as to the specific dollars Oregon will receive and plans for the allocation of these resources.

The reforms are intended to strengthen the market for housing bonds and credits—bringing greater value to these existing resources and confidence to borrowers and lenders alike.

Oregon Housing and Community Services is the state’s housing finance agency and community services program administrator. The department provides financial and program support to create and preserve opportunities for quality, affordable housing serving Oregonians of lower and moderate income, and administers federal and state antipoverty, homeless, energy assistance and community service programs.

For more, visit: www.ohcs.oregon.gov.