



**HOUSING  
ALLIANCE**

OregonHousingAlliance.org

## Affordable housing capital gains tax exemption

### **Preserving affordable homes through a capital gains tax exemption**

The wellbeing of every Oregonian begins at home. A stable home provides children with the foundation for success in school, maintains quality of life for people with disabilities, and provides a safe place for seniors to age. Affordable rents key are to establishing this stability.

Today, we are at increasing risk of losing a substantial number of units that are affordable to Oregonians with low incomes, both regulated affordable housing properties as well as low-cost rentals. Rents are rising faster than wages, and 1 in 4 renters are paying more than half of their income in rent. Our state is facing a shortfall of nearly 170,000 units for households with very low or extremely low incomes. Many residents of affordable units are highly vulnerable—seniors, people with disabilities, and families with children who need larger units—and will have few options in Oregon’s housing markets, with their record low vacancy rates and dramatically rising rents.

Both regulated affordable housing and market housing are at risk. As they reach the end of their affordability periods, regulated affordable housing can convert to market rate, putting tenants at risk of losing their longtime homes. The hot real estate market has also led many owners to sell lower-cost market properties; often, the new owners impose dramatic rent hikes that displace existing residents.

As Oregon’s affordable housing crisis intensifies, we must ensure that we do not lose any more affordable homes. We have an opportunity to keep these homes affordable for generations to come. **The Housing Alliance is supporting a tax exemption to make the proceeds from the sale of market rate or subsidized rental housing to a housing authority or nonprofit exempt from the capital gains tax.** This proposal would create a simple and effective tool to keep these homes affordable.

A similar tax exemption has helped encourage manufactured home park owners to sell to nonprofits and resident co-ops, maintaining affordability for residents. The exemption helps nonprofits to draw sellers’ attention in a crowded market and make the sale more attractive. We can replicate that success with this exemption, which would give a competitive edge to mission-driven housing providers in this booming real estate market.

We cannot afford to go backwards by losing any of our affordable housing units. While the number of homes affordable to people with low incomes is diminishing, we can help nonprofits and housing authorities acquire these properties and keep residents in stable homes that they can afford, and ensure these homes will remain affordable for future generations.

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