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# HB 4007: Document Recording Fee & First Time Homebuyer's Savings Account

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## Housing Crisis

Everyone in Oregon should have a safe, stable and affordable place to call home. Rural and urban Oregonians are struggling to make ends meet; many must choose between paying rent and paying for food, medicine, and transportation. The rate of Oregonians that are “rent burdened” (paying over 30% of their income on rent) or “severely rent burdened” (paying over 50% on rent) has been steadily increasing, particularly in rural areas. Over 22,500 school children experienced homelessness during the last school year. Nearly 40% of Oregonians are renters, with Oregon ranking 43<sup>rd</sup> in home ownership due to the high cost of homes. The housing crisis has impacted our education outcomes, economic development goals, and health care and human service costs.

## Document recording fee: A stable tool to meet Oregon's housing need

Our state must invest more in housing opportunity—and we can expand our investment through an increase to the document recording fee. The document recording fee is a fee paid when recording real property documents, and provides dedicated, ongoing funding for affordable housing. Since 2009, Oregon has had a document recording fee on real estate documents which has generated **\$91 million** to help more Oregonians afford safe, stable places to call home. By statute, those resources go to Oregon Housing and Community Services (OHCS) for three purposes:

- 10% for the Emergency Housing Account for homeless prevention and services;
- 14% for the Home Ownership Assistance Program to fund counseling, education, and down payment assistance for first-time home buyers and repairs for low-income homeowners;
- 76% for the General Housing Account Program for affordable housing development and preservation. (6% is dedicated to capacity building and technical assistance.)

## Impact on Veterans

Twenty-five percent of each of these buckets serves veterans. This has been critically important in helping prevent homelessness and assist homeless vets, in helping vets purchase homes and do home renovations to meet disability needs, and to build new housing for vets, such as in Klamath Falls, Aloha, and Medford.

## House Bill 4007 aims to:

- Increase the document recording fee from \$20 to \$60. This increase would generate approximately \$90 million/biennium, an increase of approximately \$60 million/biennium.
- Exempt the County Tax Assessors from paying the doc fee when placing a lien on a house.
- Increase the ceiling on Oregonians eligible for home ownership funds from the current 80% to 100% Median Family Income (MFI).

<u>Program:</u>	<u>Current:</u>	<u>Proposed:</u>	<u>25% for Vets, Current:</u>	<u>25% for Vets, Proposed:</u>
EHA-10%	\$3.0 mil	\$9 mil	\$750K	\$2.25 mil
Homeownership-14%	\$4.2 mil	\$12.6 mil	\$1.05 mil	\$3.15 mil
Supply/GHAP-76%	\$22.8 mil	\$68.4 mil	\$5.7 mil	\$17.1 mil
<b>Total</b>	<b>\$30.0 mil</b>	<b>\$90 mil</b>	<b>\$7.5 mil</b>	<b>\$22.5 mil</b>

## **First-Time Home Buyer's Savings Account**

HB 4007 creates the First Time Home Buyer Savings Program to assist moderate income Oregonians in purchasing their first home. The program would allow Oregonians to open a savings account at a private financial institution and take a modest subtraction on their income taxes each year, as long as the savings are used for their home purchase.

Deposits and interest up to \$5,000/yr for individuals and \$10,000/yr for couples would be subtracted from the account holder's taxable income, up to a maximum of \$50,000.

The amended version will provide the tax benefit to joint-filers with an adjusted gross income (AGI) up to \$187,000, and single-filers with an AGI up to \$131,000 to receive tax benefits. This is based on benefits starting at 200% of the Portland MFI and phasing out at 250% of Portland MFI. Benefits are increased as the account holders' income decreases. Income eligibility caps would rise with the Consumer Price Index (CPI).