



We build strength, stability, self-reliance and shelter.

March 28, 2021

RE: Support for HB 5011

Dear Co-Chair Beyer, Co-Chair Gomberg and Members of the Committee:

My name is Shannon Vilhauer, and I am the Executive Director of Habitat for Humanity of Oregon. I am writing to express our organization's strong support for HB 5011, the recommended budget for the Oregon Housing and Community Services (OHCS) Department for the 2021 – 2023 biennium.

Today, Habitat for Humanity affiliates based in 25 communities across Oregon are actively building, selling and repairing homes. Each year, approximately two-thirds of the homes we build and sell are located in rural parts of the state. Thanks to Habitat's diligent homebuyer selection process and thorough financial education, our mortgage repayment rate exceeds 98 percent. Together we have made the dream of stable and affordable homeownership a reality for over 2,600 Oregon households. Habitat for Humanity's work is guided by the core value that every Oregonian deserves a safe, stable and affordable place to call home.

Over the past 12 months, the State of Oregon has experienced unprecedented challenges. The ongoing pandemic and summer wildfires have devastated communities across the state and thrown families into economic distress. Prior to 2020, Oregon was already experiencing a housing crisis. Too many of our neighbors and community members continue to experience housing instability. Oregon Housing and Community Services has a critical role to play in helping to stabilize Oregon households and communities of all sizes.

Habitat for Humanity of Oregon and the 25 local Habitat offices we serve work directly with OHCS to implement and administer numerous programs. Key services include LIFT for Homeownership, the Oregon Bond Residential Loan program, Down Payment Assistance, the Oregon IDA Initiative, the Veteran Home Improvement Program and the Land Acquisition Program.

LIFT enables Habitat for Humanity to expand capacity and create permanently affordable homes

To date, Habitat for Humanity affiliates have successfully applied for LIFT funding to offset the cost to build 138 homes that will remain permanently affordable for purchase to Oregonians earning up to 80% of the area median income. This program has enabled Habitat for Humanity affiliates of every size to expand their home building capacity. As a network we have partnered with Proud Ground to gain a deep understanding of how to manage a permanently affordable housing portfolio—balancing the homebuyers' ability to rapidly acquire equity wealth (estimated at \$50,000 within the first 10 years of ownership) with the ability that these homes will remain permanently affordable without additional subsidy. Habitat has leveraged LIFT funds to build Oregon Preference Policy homes and affordable homes for purchase in communities including Lincoln City and Sisters.

The Oregon Bond Residential Home Loan Program Enables Habitat Affiliates to Expand Capacity

By shifting from self-lending mortgages to using the Oregon Bond Residential Loan Program, La Pine Sunriver Habitat for Humanity increased their annual home building capacity from 2-3 homes to over six homes each year. They are in good company with other Habitat for Humanity affiliates who have similarly expanded

production through this key program. We are tremendously excited to see that OHCS has proposed a new FLEX down payment assistance program to pair with their below-market-rate lending. Please support this key factor in helping hard working Oregon households to access first-time homeownership.

Down payment assistance and IDA's help Habitat to serve households earning modest incomes

Oregon land prices, material and labor costs all continue to rise, while wages remain relatively flat. Many professions, such as Oregon's service and hospitality industries, experienced unprecedented challenges during the COVID-19 pandemic. Our state's well-documented housing shortage further exacerbates these market pressures. Habitat for Humanity helps hardworking households of modest means to purchase a healthy home they can afford. On average, the households we serve earn 41% of the area median income—less than \$40,000 a year for a family of four. The availability of down payment assistance—whether through HOAP funding, the IDA initiative or the newly proposed FLEX program—makes it possible for us to serve households who stand to gain the most from access to affordable homeownership. In addition, our homebuyers gain important financial management skills during the process of maintaining an IDA savings account. We ask you to invest generously in both the FLEX down payment program and critical staff support for the IDA Initiative.

Bend-Redmond Habitat for Humanity leveraged LAP and LIFT to serve 16 Oregon families:

This Central Oregon affiliate used \$630,000 of Land Acquisition Program (LAP) money to buy land in Redmond for 16 homes. Bend-Redmond Habitat paid a 1% loan fee up front plus 1% annual interest over the life of the loan. Subsequently, they received LIFT funding to support the construction of these homes and paid off the LAP loan and interest—revolving these funds so that others can secure land for affordable homes. Acquiring land is a critical step to accessing other funding, including HUD programs, tax credit and LIFT. We need significant, additional investment in the Land Acquisition Fund. These resources can also be used to acquire property from faith communities, often sold below market rate.

Flexible Resources to develop affordable homeownership

Oregon simply does not have enough entry level—let alone affordable—homes for sale. We were thrilled to see that Governor Brown's budget includes this modest, pilot investment in flexible funding to promote affordable homeownership development. Please take this important first step by investing at least \$10 million.

Addressing Racial Disparities in Homeownership

Meaningfully addressing the intergenerational harms perpetuated through policies like redlining and disparate access to credit take concerted action over time. This modest, initial investment will set the stage for more effective homeownership outreach to BIPOC community members.

We strongly support the passage of HB 5011 so that organizations like Habitat for Humanity can collaborate with OHCS to serve the people of Oregon. On behalf of the Board of Directors of Habitat for Humanity of Oregon and the 25 Habitat for Humanity affiliates we serve, thank you for your service.

With heartfelt thanks,



Shannon M. Vilhauer, Executive Director