



March 13, 2023

To: To: Senate Committee on Housing and Development

RE: Support for SB 936

Dear Chair Jama, Vice-Chair Anderson, and Members of the Committee:

My name is Steve Messinetti and I have served as the CEO of Habitat for Humanity Portland region for the past 19 years. As an organization that serves the greater Portland 3 county region from Hillsboro to Gresham, we see first-hand every day the challenges that households with low and moderate incomes are facing due to our housing shortage, especially the shortage of entry level homes. These entry level homes are in the most demand, especially now with the large number of millennials entering the housing market, and yet they are not getting built. In fact, in the 1980's 40% of homes built were entry level homes, but since 2019 it has been less than 7% of all homes constructed. The negative implications of this are felt most by households of color who are majority renters due to decades of racist housing policies and practices that have held low homeownership rates for Black household unchanged for the past 100 years.

The state must invest in the production of new homes. Habitat for Humanity has a proven track record of successfully leveraging similar funding resources, such as LIFT for Homeownership, to double or triple local production of homes sold to low- and moderate-income families and individuals in Oregon communities of all sizes. And while LIFT funds work great at providing some of the subsidy needed to make this work, they fall short due to program restrictions at providing enough subsidy given the increases in both material cost and interest rates in recent years.

For example, over the past 3 years our Habitat affiliate has received LIFT funds to build 163 homes at 7 different locations in Hillsboro, Portland, King City, and Lake Oswego. It is important to note that these are mostly 3- and 4-bedroom homes, sold to households with an average family size of more than 4 people. These 163 homes have more than 500 bedrooms and provide stable, permanently affordable housing for more than 700 people.

For homeownership development, LIFT Funds are limited to the appraised value of the land. For the townhome projects we build that is rarely more than \$100,000 per unit--not enough to offset building costs in today's market.

For this reason, I urge your strong support of SB935 which includes \$100M needed each biennium to provide the additional, more flexible funding to make it possible for affordable

homeownership developers like Habitat for Humanity to significantly ramp up the production of entry level homes for sale in the Portland Region--and in all corners of our state.

Thank you for your consideration and service,

Steve Messinetti, CEO
Habitat for Humanity Portland Region