

March 5, 2015

**Subject: Support for HB 2011**

Chair Read, Vice-Chairs Gallegos and Whisnant and Members of the House Committee on Higher Education, Innovation, and Workforce Development:

As Executive Director of Willamette Neighborhood Housing Services, I am writing to ask you to support the renewal and expansion of the Oregon Individual Development (IDA) Initiative by passing HB 2011 out of committee.

Willamette Neighborhood Housing's mission is to "improve lives and strengthen communities through quality affordable housing, homeownership, economic opportunity, and community partnerships." We have long recognized the importance of "asset building strategies" as key to improving economic opportunity for low-income families and for breaking the cycle of generational poverty. That's why Willamette Neighborhood Housing Services was one of the founding members of VIDA, a state-wide collaboration of IDA providers, administered by CASA of Oregon. It's also why we have focused much of our IDA resources on helping families buy their first home.

Why homeownership? Most of us know from our own experience what studies<sup>1</sup> have verified: homeownership is a stabilizing force in our families, neighborhoods, and communities. Children do better in school, families are healthier, and families tend to stay put longer and become more involved in their community when they own their own home – and that's good for all of us.

Homeownership is also a long term investment that helps families weather economic ups and downs. Fixed rate mortgages help keep housing costs more predictable and stable over time, a fact that is especially important later in life when many of us live on fixed incomes and cannot handle increases in rent. Home equity is particularly important in retirement when paying off the home mortgage can make retirement income stretch even further.

Homeownership can also help address growing racial disparities in wealth. Over the past 30 years, the racial wealth gap has been increasing, not decreasing. In 1983, average family wealth

for whites was roughly five times that of African-Americans and Hispanics. It grew to roughly six times that of African-Americans and Hispanics by 2010<sup>2</sup>.

What is driving this growing disparity? As you would expect, primary factors include family income, unemployment, college education, and the capacity of families to transfer wealth through inheritance and gifts. But the largest driver of all is the number of years of homeownership, which accounts for more than a quarter of the current difference in household wealth between whites and nonwhites.<sup>3</sup>

It is because of the power of homeownership that Willamette Neighborhood Housing Services provides the homebuyer education and coaching and financial literacy services that help families make smart decisions about buying a home. It's also why IDAs are so important: because IDAs provide a financial tool essential to helping families achieve the American Dream of homeownership, economic opportunity, and a better life for their children and for generations to follow.

Thank you for your support.

Sincerely,



Jim Moorefield  
Executive Director

Sources:

<sup>1</sup> NeighborWorks America ([www.nw.org](http://www.nw.org))

<sup>2</sup> The Urban Institute ([www.urban.org](http://www.urban.org))

<sup>3</sup> "The Roots of the Widening Wealth Gap: Explaining the Black-White Economic Divide." Shapiro, Meschede, and Osoro, February 2013, Institute on Assets and Social Policy, Brandeis University.