



Jan. 28, 2016

House Committee on Human Services and Housing
Oregon State Capitol
900 Court St. NE
Salem, OR 97301

Re: Testimony in Support of HB 4064

Dear Chair Keny-Guyer and Members of the Committee:

I am writing to request your support of HB 4064. This bill establishes the framework for a statewide mortgage leveraging program that has the capacity to meaningfully increase the number of Habitat for Humanity homebuyers we serve.

Asset leveraging enables us to build more affordable housing. For example, if the average construction cost is \$100,000 to build a house, we can place the \$100,000 mortgage and net approximately \$85,000 from the sale. Instead of having to raise \$100,000 to build the next house, we need to raise only \$15,000. Then the next mortgage is placed, and so on.

One of the greatest challenges to meeting the growing need for our program is the capital intensive nature of the work we do. Our goal is to create a fund that will make it possible for us to leverage 92% of a newly built home's mortgage principal on the day of closing. These funds will immediately increase our capacity to build homes and purchase land. Repayment of the leveraged mortgages will create a revolving fund that will continue to provide affiliates with the capital needed to serve more Oregon families more quickly.

Having this tool in place will augment our existing fundraising and ReStore proceeds, making it possible for us to serve more Oregon families more quickly. Asset leveraging is an integral part of providing the stability a home provides to the families we serve.

Thank you for your dedication to improving the communities we all share.

With appreciation,

A handwritten signature in blue ink that reads "Dwane Krumme".

Dwane Krumme
Executive Director

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