



June 11, 2019

To: Joint Committee on Tax Expenditures

Dear Co-Chair Hass, Co-Chair Nathanson and Members of Committee:

My name is Shannon Vilhauer, and I am the Executive Director of Habitat for Humanity of Oregon. On behalf of the 26 Habitat for Humanity affiliates building and repairing homes across the state, please designate robust tax credit funding in support of the Oregon IDA Initiative.

Currently, Habitat for Humanity serves approximately 76 first-time homebuyers each year. Two-thirds of these homebuyers are located in rural parts of the state. The average median income of the homebuyers we serve is 41%--or about \$26,000 in annual earnings for a family of four. Examples of Habitat homeowner vocations include restaurant kitchen staff, parking attendants, hotel cleaning staff and firefighters.

The Oregon Individual Account Initiative is largely responsible for making it possible for us to serve Oregon households in this modest income range. Because Habitat for Humanity provides homebuyers with a 0%-interest mortgage (or equivalent), each dollar of down payment assistance helps to drive down the overall home price and make each monthly payment more affordable. We sold nearly all of the 300+ homes that we built or rehabbed over the past four years to homebuyers who brought IDA down payment assistance with them to closing.

There is added benefit to Habitat homebuyers' participation in the IDA program. Each IDA saver participates in extensive financial education. Homeownership success and strong budgeting practices go hand in hand. This is especially the case with first-generation homebuyers—Habitat for Humanity's primary clientele.

We're proud to report that our mortgage repayment rate exceeds 98%. We believe that this is due in large part to the excellent financial education that our homebuyers receive both as IDA savers and through education provided by local homeownership centers. Historically, Oregon has designated very little funding in support of affordable homeownership. Notably, 34% of all Oregon IDA's are used for home purchase down payment assistance.

[Habitat for Humanity of Oregon](http://HabitatforHumanityofOregon.org)

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At Habitat for Humanity, we often affirm that we build “strength, stability and self-reliance through shelter”. Perhaps this conviction can best be demonstrated by the positive educational and health outcomes experienced by the homebuyers we serve:

- **92 percent** of children raised in Habitat homes graduated from high school, exceeding Oregon’s high school graduation rate by 16 percent.
- **63 percent** of the children we serve received better grades since moving into their Habitat home.
- **52 percent** of respondent families have shown improved school attendance.
- **99 percent** of children in Habitat homes report to have the same (43 percent) or better (56 percent) health.

The Oregon IDA Initiative is an extremely cost-effective investment in the future of Oregon’s children, families and communities. Those of us who are affordable homeownership developers often state that we are working to bring about an end to intergenerational poverty. That is the true purpose of the Oregon IDA Initiative and of Habitat’s homeownership program.

Habitat homeowners pay down an average of \$50,000 in mortgage principal during the first 10 years of ownership, facilitating the very real intergenerational transfer of wealth. In the Habitat for Humanity Portland/Metro East service area, eight out of 10 homebuyers served belong to communities of color. Every local Habitat affiliate helps to close our state’s well-documented minority homeownership gap.

The Oregon IDA Initiative is a natural pairing with the recently passed student success act. At 28%, education is the second highest use of the Oregon IDA initiative. I know of numerous Habitat homeowners who have further improved their financial situation after move-in by earning an advanced degree.

Habitat for Humanity envisions a world where Oregonians of all incomes have agency and opportunity to improve their well-being. The Oregon IDA Initiative is a critical tool that brings us closer to realizing this vision.

On behalf of the Board of Directors of Habitat for Humanity of Oregon and the 26 Habitat for Humanity affiliates building and repairing homes across the state, thank you for your service. Please incorporate robust Oregon IDA Initiative funding in the tax omnibus bill: HB 2164.

Respectfully,



Shannon M. Vilhauer, Executive Director

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