



June 22, 2020

Joint Committee on the First Special Session of 2020

Via email: J1SS.exhibits@oregonlegislature.gov

Dear Co-Chair Kotek, Co-Chair Courtney, Co-Vice Chair Girod, Co-Vice Chair Drazan and Members of the Committee,

Thank you for your leadership during these very challenging times. We appreciate the opportunity to submit testimony in support of Individual Development Account (IDA) modifications in HB 4212-8 that will provide necessary flexibility for IDA savers to better meet their needs during the Coronavirus pandemic.

Hacienda CDC is a Latino Community Development Corporation. We facilitate IDA's for individuals on the path to homeownership and for entrepreneurs working to start small businesses. We know first hand that these changes will make an immediate difference.

The first two statutory changes are included in HB 4212-8. The first adds an additional category to the list of acceptable use of matching funds, "Establishing emergency savings or meeting critical financial needs during a period of serious financial hardship (such as unemployment, medical leave, economic downturn) to promote financial stability and protect existing assets." This will allow IDA Initiative providers including Hacienda to better support clients who have been actively saving towards a life goal as they navigate current and upcoming crisis periods in their lives. This change could mean that as much as \$11 million of currently available funds could be used by savers to meet their immediate needs. The second deletes ORS 458.685 (2)(b), which requires repayment of emergency withdrawals of savers' funds within twelve months and would be punitive to savers.

We ask that you support these changes and encourage you to include an additional statutory change recommended by the Joint Task Force on Addressing Racial Disparities in Homeownership to allow account holders to accrue up to \$6,000 in a 12 month period (instead of \$3,000 as is now allowed). Home prices and rents continue to rise in the Portland Metro area. Our clients, who are working so hard to save for a downpayment through this crisis, can't wait any longer to purchase a home.

As you consider ways to support individuals and households through the financial crisis caused by the pandemic, especially communities of color, we urge you to help us use the IDA tool more flexibly by passing these statutory changes. Additionally, we look forward to working with you during the next special session to ensure IDA's are funded and available across our State.

Thank you,

A handwritten signature in purple ink, appearing to read "Ernesto Fonseca", is positioned above the printed name.

Ernesto Fonseca, PhD
CEO, Hacienda CDC