



26 February 2023

Chair Jama, Vice-Chair Anderson, and members of the Committee,

On behalf of the Mid-Willamette Valley Community Action Agency, I write in support of Senate Bill 937, which will balance the playing field for lower-income home buyers. My name is Jimmy Jones and I am the Executive Director of MWVCAA, where we serve low-income residents of Marion, Polk and nine other counties across Oregon. Annually we provide more than \$70 million in services and direct client assistance for housing, homelessness, energy and weatherization, and early learning programs to more than 55,000 Oregonians in poverty.

The average home value in Oregon is \$474,097, up 2.6 percent over the past year and up 57.32 percent from the \$301,367 average home value in March of 2017, just six years ago. Often new-buyers lack the critical up-front financial resources to buy a home that they can otherwise afford on their incomes. Given the tight housing market, first-time buyers find themselves covering costs that might have been covered by sellers in previous years. Usually a first-time buyer has to deposit \$5,000 in earnest money, and make a down payment of 5 percent of the sales price. An appraisal can cost anywhere from \$800-\$1,000, and closing costs are often \$10,000. It's not uncommon for first-time buyers to need an initial cash investment upwards of \$25,000. There are programs that allow people of moderate means a way around these limitations, but shared equity models often create disparate racial impact by requiring buyers to surrender a percentage of their equity in return for keeping housing prices lower.

Low-income Oregonians, and especially people of color, have often been saddled with higher interest rates historically, which slows the growth of home ownership equity. Many resort to shared-equity programs, but those too can create racially unjust outcomes. Senate Bill 937 rebalances the equity investment programs, which allow income-eligible families to purchase homes below the market rate while the programs keep a share of the home's equity, under the theory that some equity is better than no equity at all. This practice keeps the home affordable for low-to-moderate buyers, but can have negative impacts on the homeowner's ability to earn wealth-generating equity in their home. The program created by SB 937 would keep interest rates low in shared equity programs, so that buyers can accumulate wealth faster than they normally would otherwise.

Home ownership is the most important wealth-building investment for most Americans. It's a critical part of the American dream, and builds a sense of civic obligation and responsibility to current and later generations. For Oregonians of modest means, many of whom could afford a mortgage that is now often cheaper than what their rents will be in 2023, locking them out of home ownership because they cannot afford the up-front costs of home buying feels especially cruel and short-sighted. It is also unjust not only in strict economic terms, but our communities of color often lack the up-front home buying costs, and thus systematically denied access to wealth producing home ownership. And denying them access to the full worth of their equity is no solution.

We have troubled times ahead for Oregon's low-income and working-poor community. SB 937 is not perfect, its limitation to a CDFI serving a statewide population would exclude a lot of talented regional non-profits, needlessly. For home buyers, SB 937 levels the field a bit, and gives hard working class Oregonians a fair deal, and access to home ownership that might otherwise be beyond their grasp.

Respectfully,

Jimmy Jones
Executive Director