



February 28, 2023

DEVELOPING THRIVING COMMUNITIES

Senate Committee on Housing and Development  
900 Court Street NE  
Salem, Oregon 97301

Re: Support for SB 937 – Low Interest Loans for Limited Equity Homebuyers

Chair Jama, Vice Chair Anderson and Members of the Committee:

On behalf of DevNW, I would like to share our full support of SB 937, and the subsidized mortgages it would create for buyers of Community Land Trusts, Co-ops, and other limited equity homeownership options. As an asset-building and community development nonprofit serving Lane, Linn, Benton, Marion, Polk, and Clackamas Counties, DevNW both builds affordable homes to sell and works to help low- and moderate-income families buy their first home. We know that affordable homeownership not only provides housing stability for a family, but also creates the opportunity for generational wealth-building.

While DevNW offers education and financial counseling for any homebuyer, our development focuses on creating Community Land Trust homes that offer permanent affordability and “shared equity”, by limiting the future sales price of a home to the same affordability at which it was purchased (e.g. affordable for 80% area median income). This has the benefit of ensuring a home is affordable not just to the first family who buys it, but to every subsequent generation of homebuyer – offering a long term benefit to the community. In return, it asks the homeowner to forgo some of the market-rate price appreciation that might add to their equity at sale.

In acknowledgement that shared-appreciation homes limit the equity from price-appreciation (which is necessary to maintain long term affordability), the subsidized mortgage created by SB 937 would instead fast-track the equity gained from paying down principle on a mortgage. By creating a loan product with a very low interest rate, a local CDFI (Community Development Financial Institution) will be able to offer shared equity buyers a 20-year mortgage for roughly the same monthly payment of a market-rate 30-year mortgage. This will allow significantly more of each monthly payment to go toward paying down principle, rather than paying interest. Homeowners will be able to

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boost their long term equity and asset-building through savings on interest and faster repayment of principal, rather than counting on rapid price appreciation (which benefits one family, but at the cost of unaffordable housing for subsequent generations).

While we have a couple of proposed amendments (and are working closely with Senator Manning, OHCS, and key stakeholders on those amendments), we wholeheartedly support the intent of the bill and urge your support for SB 937.

Sincerely,

Emily Reiman, CEO

**devNW.org**



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