



March 1, 2023

Senate Committee on Housing & Development  
Oregon State Legislature  
900 Court Street NE  
Salem, OR 97301

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

My name is Loren Naldoza and I am writing to you today on behalf of the Oregon Housing Alliance to express our support for SB 937, which would make important changes to Oregon law to further address racial disparities in homeownership.

The Oregon Housing Alliance is a coalition of one hundred organizations from all parts of the state. Our members have come together with the knowledge that housing opportunity is the foundation on which all of our success is built. We represent a diverse set of voices including affordable housing developers, residents of affordable housing, local jurisdictions, and organizations working to meet basic needs in every corner of our state. We believe that all Oregonians need a safe, stable, and affordable place to call home.

The 2022 Joint Advisory Task Force on Addressing Racial Disparities in Homeownership (“the Task Force”) was established by the Legislature in 2021 (HB 2007) for the purposes of identifying barriers to homeownership for BIPOC communities, and to develop policy proposals to address these existing disparities. In a previous report by the 2019 Task Force, the racial disparities in homeownership are prevalent. Black Oregonians have the lowest rates of homeownership, with 32.2% of households owning a home, compared to 65.1% of White Oregonians.<sup>1</sup> Similarly, the Task Force found that an additional 63,842 households of color would need to become homeowners to eliminate the gap in homeownership rates. I wanted to thank Senator Manning for bringing this bill, as well as Rep. Ruiz, Senator Weber, and Senator Knopp, for their contributions over the summer to the Task Force, generally. Out of its work in between the 2022 and 2023 Legislative Sessions, the Task Force developed and adopted eleven proposals, the majority of which were supported on a bipartisan basis.

SB 937 is of one of these eleven proposals. The bill is small in size, but its impact is a great step in the right direction towards ensuring affordable homeownership options. SB 937 would specifically provide low interest rates at terms of 20 years or less to low-income, first-time homebuyers through a revolving loan fund program. Loan funds would be focused on buyers of a

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<sup>1</sup> Joint Task Force on Addressing Racial Disparities in Home Ownership. Report on Addressing Barriers to Home Ownership for People of Color in Oregon. Oregon State Legislature, Dec. 2019 at 6. Available at: <https://olis.oregonlegislature.gov/liz/201911/Downloads/CommitteeMeetingDocument/254992>

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share in a limited equity cooperative, community land trust, or similar deed-restricted model. OHCS would be allocated \$10 million in General Fund dollars to pass through to an eligible nonprofit community development financial institution (CDFI) to administer the program.

A description of what kinds of deed-restricted models are eligible may require discussion. Community land trusts are nonprofit organizations that provide shared equity homeownership opportunities for families across the state. The main purpose for the community land trust model is the creation of homes that retain permanent affordability and, by extension, successful homeownership opportunities particularly for lower income families. While there exist more details, the essence of the CLT model can be described as the following: [1] a family or individual purchases a house that sits on land owned by the CLT; [2] the transaction involves the purchase of the structure, and not the land; [3] the homeowners lease the **land** from a CLT in a long-term often (99-year) renewable lease; and [4] whenever the homeowners decide to sell, they sell back to the CLT, which the CLT will sell the home at an affordable rate.<sup>2</sup>

It's important to take into consideration that the goal of homeownership, especially here in Oregon is a moving target. These models have been shown to be life-changing options for prospective homebuyers who have money ready for a down payment, who have sustainable income streams, but neither of which are sufficient to compete in the housing market in Oregon. CLTs offer homeownership opportunities that account for these income levels and different levels of mortgage readiness without presenting barriers to safe and stable housing.

SB 937 presents additional support for limited-equity models by providing additional accessibility for families interested in homeownership but who are unable to take on market-rate or close-to-market-rate mortgage products with higher interest rates. SB 937 also allows homeowners to focus more on building equity in their home, and less on making payments on mortgage interest. With equity built in these homes, homeowners who own their home in partnership with a community land trust will potentially be able to build wealth, without the result of their home becoming unaffordable later.

We recommend your support of SB 937. Thank you for your time and service to our state.

Sincerely,

Loren Naldoza, on behalf of the Oregon Housing Alliance

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<sup>2</sup> The details of this model will vary by organization. For more information about community land trusts in Oregon, see the following resources: DevNW, *Community Land Trust Homes*, available at <https://www.devnw.org/blog/community-land-trust-homes/>; Proud Ground, *Publications*, available at <https://proudground.org/about-us/publications>; and Kôr Community Land Trust, *The Community Land Trust Model*, available at <https://korlandtrust.org/about/clt-model>.