

Neighborhood Partnerships

March 2, 2023

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

Thank you for the opportunity to speak in support of SB 5511, the recommended budget for the Oregon Housing and Community Services (OHCS) Department for the 2023-2024 biennium. My name is Loren Naldoza. I am the Policy & Communications Manager at Neighborhood Partnerships. This testimony is offered in the strongest support for the OHCS program, the Oregon Individual Development Account (IDA) Initiative.

Neighborhood Partnerships works with communities across Oregon to develop human-centered and emergent solutions to immediate harms, and to power liberatory and transformative change through organizing, policy advocacy, and narrative change. We center those most impacted by racial, housing, and economic injustice, directing our energy and resources toward building community power, knowledge, and capacity. We believe in an Oregon full of financially resilient households where opportunity and prosperity are shared widely and accessible to all. Neighborhood Partnerships has supported the Department's various programs designed to provide safe, stable, and affordable housing to Oregonians as well as to help people pursue prosperity and live free from poverty.

The Oregon IDA Initiative brings state resources to support financial stability and wealth building among Oregonians with lower incomes, working to ensure an equitable and statewide impact in communities historically and systemically excluded from economic opportunities. Savers use IDA matching money to increase the power of their own savings to reach self-determined financial goals. The coalition of providers that make up the IDA Initiative work alongside savers to address the needs and visions coming from communities most impacted by an inequitable economy. IDA Providers partner with savers by offering community-based support, information about financial systems, and matching money, matching each dollar saved from 1:3 to 1:5.

As Neighborhood Partnerships, we don't do this work alone. IDA savers work with one of our over 70 partner organizations, located in every corner of the state. Whether you live in Ashland or Portland, Oregon City or Baker City, Butte Falls or Klamath Falls, every IDA saver works with a non-profit provider in their geographic and cultural community. While my testimony only begins to touch on the geographic impact of IDAs across the state, I would refer you to the large number of submitted testimony from our partners across the state through OLIS.

IDA providers work with savers to help to determine eligibility, develop a plan, open an IDA account at a local financial institution, and help them get started savings and working toward their self-determined asset goal. While savers are in the program they receive several hours of financial education and coaching before they can access the match on their savings. After a saver reaches their savings goal and meets program requirements, their IDA provider disburses the match savings earned to combine with the savers funds to complete their asset purchase.

IDA savers buy homes, start businesses, go to trade school or college, or meet another financial goal across a continuum of available assets that support participants where they are at from stabilization through to wealth building. The powerful combination and strategy of community-based support, flexibility of assets and financial capability options, and a financial match toward asset accumulation makes the IDA Initiative such an effective way to provide savers the security and space they need to look ahead, to plan for the future, and to reach their full potential.

IDAs are a demonstrated and effective tool for Oregonians with low incomes. The recently released [2022 Evaluation Report](#) includes in-depth data on the over 6,000 savers enrolled over the 2017-2021 period, disaggregated by race, ethnicity, income, and measures of financial capability. More than 2,800 Oregonians are currently saving in IDAs, and more than 16,000 have opened an IDA since the program's creation in 1999. Collectively, IDA savers have saved more than \$33 million of their own money in reaching their asset building goals. The work and impact of the IDA Initiative is especially important right now given the economic uncertainty due to the pandemic and rising cost of living due to inflation. It is vitally important that Oregonians living on low incomes have access to resources like the IDA that give families and individuals the opportunity to build both assets and financial capability which they can use for the rest of their lives.

We'd like to provide some context for why the IDA Initiative is coming to you today for your support. The IDA Initiative has been funded since founding through a state tax credit. Donors make charitable contributions and receive a credit on their state tax obligations. This has historically been a successful way to fund the IDA Initiative – not only would a donor receive the state tax credit, they would also receive a federal charitable deduction, resulting in a net benefit for donors. In the last two years, however, the Initiative has faced some significant funding shortfalls from the IDA tax credit due to federal tax law changes in 2017, also known as the Tax Cuts and Jobs Act, as well as subsequent Treasury regulations. These federal changes made selling tax credits more challenging and required Neighborhood Partnerships to increase

the value of the tax credit, resulting in less money raised overall. When compared to the average amount raised in IDA Tax Credits from 2015-2018, the IDA Initiative has seen a reduction of over \$5 million in funding the last two years which translates into over 700 individuals and families not being served by the Initiative.

When funding available for IDAs for the current 2022-24 biennium is compared to funding available for the biennium before the tax credit drop (2018-2020), providers are able to reach over 300 fewer savers. Funding for the current biennium included \$4.8M in general funds allocated to the IDA Initiative in the 2021 session. Without that infusion, over 800 fewer savers would have been served. This drop is in an environment where existing providers report unmet demand exceeding current enrollment, and new community organizations reach out regularly hoping to be able to offer IDAs to their communities.

As you may know, the Governor has requested an amount of \$7.5 million from the General Fund in the next biennium for the IDA Initiative. Neighborhood Partnerships is honored to have the support of the Governor and appreciates her previous and ongoing advocacy for the program. In consultation with our statewide partners, we request a greater investment of \$35 million in General Fund allocation, to ensure robust funding to meet current demand across the Initiative. Of this \$35 million, we respectfully request that \$15 million be invested every biennium, to ensure that the program have steady, reliable funding to ensure that more people across Oregon can have greater access to this important program. Secondly, we request a one-time investment of \$20 million to leverage important changes to statute in 2021 that would allow us, if funding were available, to make increases in homeownership match commitments to support in this very challenging housing market, as well as addressing the backlog of demand that we have yet to address given limited funding over the last few years.

Having dedicated, ongoing General Fund resources would provide capacity for the program to start meeting its potential to expand and meet increasing needs. Thank you, again, for the opportunity to offer this testimony in support of Individual Development Accounts. I am happy to answer any questions you may have.

Sincerely,

Loren Naldoza
Neighborhood Partnerships