



We build strength, stability, self-reliance *and* shelter.

March 12, 2023

To: Senate Committee on Housing and Development

**RE: Support for Senate Bill 936**

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

My name is Shannon Vilhauer and I am writing on behalf Habitat for Humanity of Oregon and the 24 local Habitat for Humanity affiliates we serve to urge your strong support for Senate Bill 936.

SB 936 would:

- Allocate \$100 million each biennium to subsidize the development of 500 homes with a maximum subsidy of \$200,000 per home.
- Improve the existing Land Acquisition Revolving Loan Program or create a new fund of \$30 million to purchase 200 parcels for homeownership development per biennium at zero percent interest.
- Allocate \$20 million to OHCS to invest in community-based, innovative models for increasing homeownership in culturally responsive ways.

The underproduction of housing and shortage of entry-level homes are driving up unaffordability for everyone and impeding efforts to close racial, ethnic and generational gaps in homeownership and wealth-building opportunities. Oregon's Housing Needs Analysis makes it clear: **The state must invest in the production of new homes.** As homeownership providers, Habitat for Humanity organizations have a proven track record of successfully leveraging similar funding resources, such as Local Innovation and Fast Track (LIFT) for Homeownership, to double or triple the production of homes sold to low- and moderate-income households in Oregon communities of all sizes.

SB 936 allocates \$100 million in general fund dollars to help offset the production of affordable, entry-level homes for sale. Governor Kotek's budget allocated \$154 million in LIFT for Homeownership (Article XI-Q general obligation bond resources) to subsidize the development of permanently affordable homes for purchase. In a funding application opportunity that Oregon Housing and Community Services closed within the past few weeks, our Habitat for Humanity network of affiliates sought an average per home subsidy of \$174,000. We believe that this \$100 million investment, which could be used as a stand-alone subsidy for homeownership developments of all types and as a resource paired with LIFT to help make developments pencil, can be leveraged to help create over **1,400 homes for purchase.** General fund resources are key to offsetting the costs to build both in rural Oregon communities and in opportunity-filled neighborhoods with access to amenities that include high-performing schools, where organizations like Habitat for Humanity routinely build townhomes and condos.

As every affordable homeownership developer knows, maintaining a pipeline of buildable land in high-amenity locations is key to sustainably expanding our homeownership production rates. As we work collectively to better meet our state's needs for affordable and entry-level homes, we need to expand our pipeline at its source: sites

located in desirable areas with access to opportunities. SB 936 is a key recommendation from the Joint Legislative Task Force Addressing Racial Disparities in Homeownership (JARDHO). The Land Acquisition Program administered to date by Oregon Housing and Community Services has been under-subscribed by homeownership developers—especially those operating in rural Oregon. As part of JARDHO’s process for developing substantive proposals, members of the OHCS staff team reached out to affordable homeownership developers to better understand hurdles to using these evergreen loan resources as initially intended. The no-interest, revolving loan fund included in SB 936 will meaningfully address these hurdles. With your help, our state’s network of affordable homeownership developers stands ready to build the pipeline of entry-level homes for sale. This improved, evergreen program is foundational to increasing home production.

As we all work together to meaningfully expand entry-level homebuilding statewide, innovation will continue to be important. Our Habitat for Humanity network operates very differently now than we did five, 10, 15 and 30 years ago. We know that many of you in this building and many of our colleagues and co-collaborators have ideas that will further help us to expand our community impact in ways we haven’t yet imagined. That’s exciting. We have some ideas, too, such as bringing modular home production to scale in wildfire-impacted communities. Meaningfully expanding the production of affordable homes for sale by nonprofit and for-profit builders alike is going to require innovation. We may make some mistakes along the way and learn important things. The scale of the tasks before us warrant our shared commitment to learning and growing together.

As homeownership providers, the Habitat for Humanity network urges your targeted investment in key programs that expand opportunities for Oregonians to plant roots in their communities and begin building intergenerational wealth. Habitat for Humanity of Oregon and the 24 local Habitat for Humanity affiliates we serve are well-positioned to help meet Oregon’s supply shortfalls. Your support of the critical investments included in Senate Bill 936 will ensure that we succeed together.

My vision has long been that—by the time my son is an adult (*for context, he is eight years old now*)—housing choices in Oregon will be as abundant as craft beers and delicious berries. I envision an Oregon where we are all proud of the stable, flourishing communities we have built together. These developments will include homes of varying sizes, configurations and costs. Thank you for working hard to bring us closer to this vision.

In partnership,



Shannon M. Vilhauer, Executive Director