



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

March 17, 2023

RE: **Support for HB 3492**

Dear Chair Dexter, Vice-Chair Helfrich, Vice-Chair Gamba and Members of the Committee:

Thank you for the opportunity to submit testimony in support of HB 3492. My name is Shannon Vilhauer and I am the Executive Director of Habitat for Humanity of Oregon. On behalf of our Board of Directors and the 24 local Habitat for Humanity affiliates we serve, we urge your strong support for the work of the Joint Task Force on Addressing Racial Disparities in Homeownership. Please pass this important legislation designed to provide a fair pathway to homeownership for ITIN buyers.

Building household stability and prosperity in diverse communities across Oregon is at the heart of our mission, programs and actions. We believe that access to resources and opportunity is the means to an economically vibrant and just society. The Habitat for Humanity network supports the targeted investment of resources and services in proportion to the need in communities, particularly those that have been harmed by racism in our society's laws, policies, institutions and culture.

There continue to be large and deepening racial disparities in homeownership in the State of Oregon. The Joint Advisory Task Force on Addressing Racial Disparities in Homeownership found specifically that Black Oregonians have the lowest rates of homeownership, with 32.2% of households owning a home, compared to 65.1% of White Oregonians. 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. Out of its work 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.

HB 3492 is one of these proposals, aimed specifically to level the playing field in access to affordable mortgage products for individuals who do not have Social Security Numbers, but do have Individual Taxpayer Identification Numbers (ITIN)

Across the country, consumer-oriented financial institutions, such as credit unions and community banks, have been leveraging the use of the Individual Taxpayer Identification Number (ITIN) and alternative forms of identification to provide access to accounts and loans for consumers who may not traditionally access these services. While many financial institutions have been offering it successfully for decades, ITIN-specific loan products suffer from much higher interest rates, and many financial institutions are not willing to provide 100% of the financing for these loans for a variety of reasons. For this reason, many ITIN borrowers find themselves having to take out two mortgages at unfavorable rates in order to secure the financing necessary to become a homeowner. For many families, the unavailability of affordable financing options acts as a complete bar to achieving their goals of homeownership.

Several local Habitat for Humanity affiliates in Oregon have been providing mortgages to ITIN homebuyers for over a decade. These homebuyers make their monthly payments consistently and responsibly. Because the market rate financing available to ITIN homebuyers has been so unfavorable, we have been self-financing these mortgages. Doing so is capital intensive. Our network would strongly prefer to help qualified ITIN homebuyers access mortgages through the new OHCS FLEX lending program. The ability to access sufficient mortgage financing (beyond 80% of appraised value) at a reasonable rate of interest will enable us to dedicate more capital directly to the construction of new homes for sale. In turn, that will speed up how quickly we can help more community members.

HB 3492 would specifically direct OHCS to launch a pilot program through which the department would cooperate with qualified lending institutions to provide 100 percent financing for residential property purchases to persons who qualify for special purpose credit programs. OHCS would be required to offer a second mortgage loan for the purchase of residential property to participants in an amount that the qualified lending institution does not fund with the first mortgage loan. It would also establish a Special Purpose Credit Program Loan Fund in the State Treasury through which the department would make these mortgage loans in connection with the pilot program.

We urge your support for HB 3492. Thank you for your time and for your service to the state.

In partnership,

A handwritten signature in blue ink that reads "Shannon M. Vilhauer". The signature is written in a cursive, flowing style.

Shannon M. Vilhauer, Executive Director