



June 10, 2025

Re: Support for Individual Development Accounts in SB 120 -1

Dear Co-Chair Nathanson, Co-Chair Meek, and Members of the Joint Committee on Tax Expenditures:

On behalf of Habitat for Humanity Portland Region, please raise the cap on the tax credit that funds Individual Development Accounts (IDAs) to at least \$14M, through SB 120 -1.

In 1999 the Legislature created Individual Development Accounts (IDAs). This matched-savings program provides participants with education and individualized support to reach their financial goals, including homeownership, home repair, higher education, purchasing a vehicle, starting a business, and retirement. The state matches participants' own savings up to 5-to-1 to make their dreams a reality. Over 19,000 Oregonians have participated in this life-changing program over the past 25 years.

Habitat for Humanity Portland Region homebuyers are not required to bring a down payment for their home purchase, but they do face the hurdle of closing costs when their purchase is finalized. With an average household annual income of \$54,000, saving \$8-10,000 for closing costs is challenging. IDAs bring this goal within reach. Due to limited capacity in the IDA program, however, less than half of eligible Habitat Portland Region homebuyers are able to access this matched savings.

The IDA program provides a relatively small investment from the state – Habitat Portland Region homebuyers access \$6,000 per household - that makes a transformational difference for families seeking the stability of homeownership. Once each family secures their 30-year mortgage at a fixed, affordable payment, the state's investment yields decades of returns in the form of household financial stability and improved educational and health outcomes.

The state tax credit that funds IDAs has not kept pace with inflation. While the credit has been capped at \$7.5M per year since 2009, the cost of everything that IDA participants save for has increased precipitously. Each saver needs more funds from the program in order to be successful, yet the total funding has remained stagnant, yet tax credit revenue has remained stagnant, prompting the Legislature to provide supplemental investments from the general fund in each of the past three budget cycles. An updated \$14M tax credit cap will allow the IDA program to enroll 1,750 new participants each biennium going forward – close to the program's

established service level of 2,000 new savers per biennium. (If the Legislature takes *no* action on IDA funding this year, the program will shrink much further, to enroll only 1,000 people per biennium.)

By raising the IDA tax credit cap to at least \$14M through SB 120, the Legislature can return the IDA program to solid financial footing. I urge you to include IDAs in this bill.

Thank you for your service,

A handwritten signature in black ink, appearing to read 'S. Radcliffe', with a long horizontal flourish extending to the right.

Sarah Radcliffe
Director of Government Relations
Habitat for Humanity Portland Region