

February 14, 2026

House Committee on Revenue
Oregon State Capitol
900 Court St NE
Salem, OR 97301

Re: Support for HB 4136

Dear Chair Nathanson, Vice-Chairs Werner Reschke and Walters, and Members of the Committee:

My name is Sara Padilla. I am an employee with Habitat for Humanity of Oregon and a resident of the City of West Linn, Oregon. I am also a member of the Housing Alliance's Homeownership and Asset Building Workgroup. For the past five years, I have worked closely with local Habitat for Humanity affiliates across the state - primarily in rural communities - to help them access critical funding for new affordable housing. I also managed our organization's Down Payment Assistance Program, distributing nearly \$4 million over the past two+ years to help **73 first-time and first-generation low-to-moderate income homebuyers** buy an affordable home in Oregon. Without this financial assistance, achieving the dream of homeownership in Oregon is becoming increasingly challenging, if not impossible.

I am writing in strong support of HB 4136 because it makes a meaningful investment in people and long-term stability by expanding access to homeownership for Oregonians seeking to buy their first home and put down roots in their communities.

Homeownership remains one of the most effective pathways to financial security, intergenerational opportunity, and community connection. Yet today, many first-time and first-generation homebuyers face unprecedented barriers, including record home prices, high interest rates, limited housing supply, and limited access to support. For these households, the inability to assemble a down payment is often a major obstacle to homeownership.

HB 4136 addresses this challenge by enacting narrowly defined amendments to Oregon's mortgage interest deduction and dedicating the resulting funds to down payment assistance for first-time and first-generation homebuyers. The bill maintains the tax break for primary residences while ending its application to "single-use" or "second house" vacation properties that sit vacant for much of the year.

Down payment assistance is one of the most effective and well-documented tools for expanding access to homeownership. In the last biennium, Oregon Housing and Community Services partnered with nonprofit homeownership providers to distribute more than \$22 million in down payment assistance, helping over 600 first-time and first-generation buyers purchase homes. Every participant completed HUD-certified homebuyer education and counseling, supporting long-term housing resiliency. Many of these households served were families of color and first-generation buyers who have historically faced systemic barriers to homeownership.

Despite these proven outcomes, down payment assistance programs currently lack a stable and dedicated funding source. HB 4136 helps address this gap by directing approximately \$9–10 million per year to support this critical investment in our neighbors and communities.

This proposal reflects a thoughtful realignment of public resources toward households who will live in these homes year-round, contribute to their local economies, and put down deep roots in Oregon communities of all sizes. It's a practical investment in household stability, economic resilience, and community strength.

I respectfully urge you to support HB 4136 and help expand sustainable pathways to homeownership.

Thank you for your consideration and service,

Sara Padilla