

March 28, 2023

To: Chair Louser and member of the House Industry, Business, and Labor Committee

From: Marisa Saucedo, Executive Director of Red River Valley Habitat for Humanity

Topic: Testimony in Support of Senate Bill 2207

Chair Louser and member of the House Industry, Business, and Labor Committee, thank you for the opportunity to speak with you today regarding Senate Bill 2207 and Habitat for Humanity. My name is Marisa Saucedo and I am the Executive Director of the Red River Valley Habitat for Humanity located in Grand Forks. We serve both Grand Forks County North Dakota and Polk County Minnesota. The Red River Valley affiliate was established in 1989 and has slowly but steadily worked towards the mission of bringing people together to build homes, communities, and hope.

My colleague, Jim, has given a great overview of our organization. I'd like to expand on the benefits of our program for Habitat homeowners to demonstrate why our program is essential and more specifically, how this bill that saves us money can help us increase our capacity to serve.

The purchase of a home is the single largest purchase most Americans will ever make. Low-income households spend a higher percentage of their income on housing than middle- or high-income households. In 2020, 66% of North Dakota low-income households were housing cost burdened. This leaves little money leftover for savings or investment opportunities. As many of you know, homeownership is an investment. Property values see a general increase over a ten year period. Further, since Habitat homes are sold at a reduced price based on income, Habitat homeowners receive a larger return on their investment. Habitat for Humanity programs not only allow low-income households to reduce their cost burden, but at the same time, give them a path to wealth accrual. Habitat for Humanity believes that homeownership can be used as a tool to pull households out of poverty and break the poverty cycle for children by giving homeowners a long term investment opportunity with the potential to create generational wealth. Additionally, homeowners experience lower rates of unemployment, public assistance use, and poverty compared to similarly economically situated renters. Low-income households struggle to transition to homeownership because of lack of funds for a down payment or closing costs. But low-income households that participate in programs that provide a path to homeownership, like Habitat for Humanity, are more likely to pull themselves out of poverty.

Given the benefits mentioned above and the many benefits I don't have time to list, adopting a bill that will increase Habitat for Humanity's capacity to serve will increase the number of households that we can help achieve these benefits. Without the payment requirement to obtain a contractor's license, the North Dakota Habitat affiliates will save resources that can be used for construction and mortgage loan origination. Although the license fee does not seem like a huge cost, a non-profit is unique in that we have limited resources and do not receive a return on our work. We rely on contributions from the community to fund our operations. The more resources we can allocate to direct construction, the quicker we can produce affordable housing, and the greater the contribution our donor has made to the community.

Since North Dakota Habitat for Humanity affiliates operate at a lower capacity than other states' affiliates, any measures our state can take now to increase North Dakota Habitats' capacity would be immensely helpful in adding to the state's supply of affordable housing.

The pandemic led to a sharp rise in the cost of housing as well as materials to build housing. Income for low-income households has not risen at a commensurate rate. The past two years have shown that the need for affordable housing is increasing and Habitat for Humanity's ability to fill those needs should increase as well. Any small actions that our government can take to support our mission demonstrates a support for affordable housing throughout the state.

Thank you again for the opportunity to discuss affordable housing and how our state can support our mission to provide a path to homeownership for low-income residents. My colleague Cristen will discuss the success of North Dakota Habitat affiliates as a whole and touch on our construction and insurance requirements.