



March 30<sup>th</sup>, 2021

**RE: Support for SB 852**

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

My name is Steve Messinetti and I am the CEO of Habitat for Humanity Portland Region, which provides affordable homeownership services to Multnomah, Clackamas, and Washington Counties. I am writing to express my organization's strong support of SB 852.

Before the pandemic decimated what little economic security low-income earners and frontline workers had, Portland was already in the holds of a severe housing crisis. Before wildfires stole the safety and refuge from many of Oregon's most vulnerable communities, our BIPOC communities were already facing a widening wealth gap. Before hundreds of thousands of Oregonians lost their jobs, thousands of homeless were already sleeping on our streets.

Even before the year we've had, it was evident that the status quo would no longer be an option. Now, there is no doubt. We need fresh thinking if we truly want to reach racial and economic equity in Oregon—SB 852 is a clear and common-sense way to help us get there.

In its current form, the Mortgage-Interest Deduction costs Oregonians \$1.1 billion biennium. This is far and away our biggest housing subsidy. Unfortunately, the way that it is structured means that the vast majority of its benefits flow in the wrong direction. In its current form, 60% of the subsidy goes to the top 20<sup>th</sup> percentile of earners. Meanwhile the average benefit received to homeowners earning at or below \$50,000 is just \$18 per year. Additionally, this subsidy does nothing to help cost-burdened renters save up for costly down-payments—they are excluded from the subsidy entirely. Given that the average sales price for a home in Portland just reached \$542,000, this isn't justifiable.

Additionally, with Oregon's long history of racist housing policies and its perpetuating racial gap in homeownership, BIPOC communities see a disproportionately lesser benefit from the MID. For instance, in Portland, White homeownership rates stand at around 57% while Black rates are as low as 28%. That is a 29% gap. For Latinx homeowners, that gap is at 20%. Regionally speaking, the Portland Metro area needs 30,427 more BIPOC-owned homes to achieve parity with their White neighbors. Habitat is committed to closing these gaps and working with the community to raise the rates of homeownership for all Communities of Color, but we can't do it alone. There needs to be systemic, structural reforms in order to move the needle on these blatant disparities. Again, SB 852 can help us get there.

This bill protects the MID subsidy for 95% of Oregon homeowners, while phasing out who benefits from it starting at \$200,000 AGI. It also excludes vacation homes from receiving the subsidy, while ensuring

that long-term rental owners are capable of receiving the benefit under their qualified business expenses. These common-sense steps will save \$150 million, redirecting those funds to expand affordable homeownership opportunities and stabilize Oregonians experiencing homelessness, including children.

The greatest housing subsidy from state government should not go to those who need it the least. We ask you to invest instead in both ends of the housing continuum. Make it a priority to provide safe and adequate shelter for Oregon's kids AND empower hardworking Oregonians to plants roots in their community, build wealth, and contribute to cities and towns we can all be proud to call home. Please support SB 852.

Thank you for your commitment and service,



Steve Messinetti  
President & CEO  
Habitat for Humanity Portland Region