



Wednesday, April 12, 2023

*Sheila Stiley, Board chair – NW Coastal Housing*

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*Maria Elena Guerra - Farmworker Housing Development Corp*

*Nkenge Harmon Johnson – Urban League of Portland*

*Brad Ketch – Rockwood CDC & Community Dev. Corp. of Oregon*

*Erica Mills – NeighborWorks Umpqua*

*Shannon Vilhauer – Habitat for Humanity Oregon*

**Senator Mark Meek**  
Senate Committee on Finance and Revenue  
900 Court St NE Salem, OR 97301

**Sen. Meek & Members of the Committee,**

My name is Kevin Cronin, and I'm the director of member relations and industry support at Housing Oregon. Housing Oregon is a membership-based statewide association of more than 80 affordable housing nonprofits committed to serving and supporting low-income Oregonians across the housing needs spectrum – from homeless to homeowner. We are working towards a day when every Oregonian has a safe and healthy place to call home.

SB 976 is a crucial response to Oregon's statewide housing crisis. Oregon's biggest housing subsidy, and the 8th largest expenditure in the state budget, the mortgage interest deduction (MID), costs the state over \$1 billion per budget period, but largely benefits those who do not need help. The deduction is structured to benefit the wealthiest homeowners, with 60% of the subsidy going to the richest fifth of Oregonians. This exacerbates racial wealth disparities built up over generations, as well as the urban-rural divide, as a disproportionate share of the subsidy flows primarily to the wealthiest communities in the Portland metro area. Rural Oregonians are also disproportionately impacted by the housing crisis compared to other rural areas across the U.S., with housing costs in Oregon's rural areas being higher than in the rest of the rural U.S.

Oregon's Secretary of State Audit has found that due to significant differences in homeownership rates and income, people of color in Oregon receive disproportionately fewer MID benefits than white people, especially for Black or African American, Latino, and Native American people. According to the Oregon Housing and Community Services' Statewide Housing Plan, African Americans experience a homeownership rate of 32% compared to a rate of 61% for all Oregonians. For Hispanics, the rate of homeownership is 39%.

The MID does not address the primary barriers faced by prospective low- to moderate-income homebuyers in Oregon, such as high home prices, limited funds for down payments, and credit issues. Promoting

homeownership is a commonly cited purpose for the MID, but the Secretary of State did not find any evidence to support this assertion.

Higher income taxpayers receive most of the benefits from the MID, with roughly 18,000 taxpayers with incomes in the top 1% receiving more benefit than the 727,000 taxpayers in the bottom 40% combined. The MID receives no state-level evaluation, limiting accountability for its regressive outcomes. If the MID is going to continue to be our state's 8th largest expenditure, shouldn't we hold it accountable to clearly defined metrics and outcomes?

SB 976 proposes redirecting a significant amount of resources from a minor change in the MID to the Oregon Housing Opportunity Account. This would involve phasing out the deduction for the top 5% of wealthy Oregonians and eliminating the deduction for owners of vacation homes, while still retaining the deduction for 95% of homeowners. By doing so, the Housing Stability Account will receive additional funds to provide services such as creating new affordable options for aspiring homeowners, down payment assistance, land acquisition for future development of affordable homes, critical health and safety repairs, grants or loans to replace aging and unhealthy manufactured homes, foreclosure counseling, and rental assistance for families seeking safety from violence or facing homelessness. This approach seeks to strengthen homeownership opportunities and prevent homelessness without requiring any new revenue.

Eliminating the mortgage interest deduction and redirecting those resources to households in greater need would serve the cause of racial and housing justice. Housing Oregon urges you to support SB 976. Thank you for your service to our state.

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