

Submitter: Philip Higgins  
On Behalf Of:  
Committee: House Committee On Revenue  
Measure, Appointment or Topic: HB4136

#### Testimony in Opposition to HB 4136: The Rental Housing Impact

##### To the House Revenue Committee:

I urge you to oppose HB 4136, which would eliminate the mortgage interest deduction for second homes. While proponents frame this as targeting wealthy second-home owners, the reality is that this bill will directly harm renters in Oregon—the very population struggling most with housing affordability.

##### The Rental Housing Connection

A significant portion of Oregon's rental housing stock consists of individually-owned properties—homes owned by families who rent out a second property, retirees supplementing fixed incomes, or middle-class Oregonians building modest wealth through real estate. These aren't massive corporate landlords; they're everyday Oregonians providing essential housing.

When you increase the carrying costs for rental property owners by \$2,500 annually (or more), those costs don't simply disappear. In a market economy, increased operating expenses become pass-through costs to tenants. Property owners facing thousands in additional annual tax liability will have little choice but to raise rents accordingly to maintain financial viability.

##### Oregon's Affordability Crisis

Oregon is already experiencing a severe rental affordability crisis. Renters are struggling under crushing rent burdens, with many paying 40%, 50%, or even 60% of their income toward housing. HB 4136 would make this worse by:

Forcing rental property owners to increase rents to offset higher tax bills  
Potentially pushing some small landlords to sell properties, reducing rental housing supply  
Creating additional upward pressure on rents in an already-constrained market

##### The Perverse Outcome

Ironically, a bill ostensibly designed to help housing affordability through down payment assistance programs (funded starting in 2028, with no guarantee) would immediately harm renters through higher costs starting in 2026. We would be taxing housing providers today to maybe help future homebuyers tomorrow—while current renters pay the price.

##### The Slippery Slope

The testimony acknowledges what we all know: this is a first step toward eliminating the mortgage interest deduction for primary residences. Once Oregon diverges from federal tax policy on this issue, there's no principled reason to stop at second homes. Future legislatures will face pressure to go further, ultimately harming all

homeowners and, by extension, all renters.

#### A Better Path Forward

If Oregon is serious about housing affordability, we should focus on increasing supply, reducing regulatory barriers to construction, and streamlining permitting processes—not implementing tax policies that will inevitably increase costs for renters who are already struggling.

I respectfully urge you to oppose HB 4136.