



**HOUSE OF REPRESENTATIVES**

**Testimony in Support for HB 2578**

March 11, 2021

Chair Fahey, Vice Chairs Campos and Morgan, and members of the committee,

My name is Khanh Pham, Representative for House District 46. I am honored to testify in support of HB 2578.

I inherited HB 2578 from my predecessor former Representative Alissa Keny Guyer who has been a strong advocate for housing and revenue reform throughout her time in the Legislature. I am happy to see her here today to share about her work that has brought us to this moment.

Oregon does not lack the will or great ideas about how to solve our housing crisis, we lack adequate funding mechanisms. HB 2578 is a simple bill to address a long standing issue in our state -- finding consistent and adequate sources of funding to address our growing housing needs.

Over the last decade, my district like much of the state, has faced rising housing costs, forcing more and more families, particularly low-income and BIPOC families to move out of my district.

Families have had to wait for years for affordable housing opportunities to open up. When we open up an affordable housing wait list, we get hundreds of families applying for just 31 units. Housing providers have to tell families that the funding for rental assistance has run out almost as soon as the application processes open. For every person that we can see that has lost their home, there are many more we don't see who are sleeping in cars or doubling up with family. This is the real cost of not investing enough in housing infrastructure for Oregon families.

As Vice Chair of the Revenue Committee, I held a hearing last February about racial equity and tax policy. We discussed policies, like redlining, that have concentrated wealth in white communities and have contributed to our racial wealth gap. In no part of Oregon's tax code are inequities more evident than in the mortgage interest deduction.

The state level program costs Oregon \$1.2 billion dollars per biennium, and it does little to address the needs of our housing insecure families. Instead, it broadly gives out a large tax credit, including to the top 5%, even for homes that they don't live in.

HB 2578 proposes three things. First, it phases out the mortgage interest deduction for high income families starting at \$200,000 and eliminates it above \$250,000. Second, it eliminates this deduction for second homes. And finally, it invests nearly \$200 million gained from eliminating those deductions into affordable housing and homeownership opportunities.



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Housing insecurity has only worsened since the start of the pandemic and families have been hanging on thanks to legislative action that have delayed the threat of evictions and displacement. We know that Oregon will experience more natural disasters, like we saw this summer and again this winter. When the next disaster strikes, I want every Oregonian to have a safe, affordable place to call home. A place where they can find refuge and will allow us to carry an effective emergency response that will reach their family. I want families to be resilient to economic, public health, and other disasters that we may face. That starts with creating adequate sources of funding to make strides in our housing crisis.

Housing security is a matter of justice, as structural racism puts communities of color unfairly at risk of being rent burdened, homeless, and experiencing barriers to homeownership. For these reasons, Reimagine Oregon included reforming the mortgage interest deduction as one of their housing policy priorities.

In this moment, we have the opportunity to act boldly and set the foundation for a healthier, more resilient state. HB 2578 is a targeted bill that will allow us to make a lasting impact and advance Oregon's housing priorities. I urge members of this committee to support HB 2578. Thank you.