



OCCV urges passage of HB 2578 to cap the mortgage interest deduction

Testimony for the House Committee on Housing – John Calhoun – 3.11.2021

The Oregon Coalition of Christian Voices is committed to seeking justice in Oregon for our vulnerable neighbors. In Oregon today, our largest vulnerable community are the houseless and those in danger of losing their homes.

HB 2578 caps a tax benefit for families above \$250,000, which is almost four times the Oregon mean household income of \$67,000, so that those with the lowest incomes in the state will have housing assistance. It also says that we should not give tax benefits for those with two houses until everyone has a place to live.

Our faith tells us that it is our obligation to assist those who have the least. Today Oregon faces a severe housing crisis across the state. Too many of our fellow Oregonians suffer from no housing or housing that takes so much of their paycheck that they cannot provide the basics of food and healthcare. This bill addresses this disparity.

So, what is the burden on those losing this tax deduction? Let's look at an example of a family with taxable income right at the \$250,000 cap:

The average sales price of a home in Portland is now about \$500,000. A 30-year mortgage currently costs 3% making the interest on that \$500,000 home with 10% down \$13,500 per year. The loss of that deduction by a couple with a taxable income above \$250,000 at a 9.9% Oregon tax rate is \$1,337 in higher tax payments. Total house payments would be about \$30,000 a year or about 12 percent of the \$250,000 family income. The additional tax payments are only ½ percent of income. Total house payments, including the additional tax, remain a very small 12.5% portion of the family income.

Of course, someone with that income is likely to purchase an even more expensive home. However, there is no need for the state, and the 90% of Oregonians with lower incomes, to subsidize a better lifestyle for higher income families.

Many people are under the impression that the mortgage interest deduction is necessary for people to be able to own homes. Canada has houses and lifestyles almost identical to the U.S. but they do not have any tax deduction for mortgage interest. Their home ownership rate is slightly higher than the U.S.

OCCV has spoken out many times about the destructive and growing wealth gap we have in our state and country. Providing tax subsidies for people in the top 10% of income that those in the bottom 10% do not get is no longer acceptable. We ask that you support HB 2578.