



March 31, 2020

**SUPPORT: SB 852**

Chair Jama, Vice-Chair Linthicum, and members of the Senate Committee on Housing and Development:

As Oregonians across the state suffer from a housing crisis, the state's largest housing subsidy — the mortgage interest deduction — does nothing to solve the problem. Rather than help those in need, it subsidizes the richest Oregonians. Trimming off part of the mortgage interest deduction would free up millions to be invested in strengthening homeownership and preventing homelessness, especially among children. The COVID and wildfire crises have further exposed the need for additional resources to meet housing and human service needs.

Rural Community Assistance Corporation is a non-profit organization dedicated to improving the lives of rural and Tribal communities and individuals throughout the West. RCAC's housing programs support organizations that develop affordable single- and multifamily homes and operate programs that prepare rural residents for homeownership.

RCAC supports SB 852 which, among other things, establishes the Oregon Housing Opportunity Account. This account would transfer an amount equal to the estimated increase in revenue attributable to restrictions on deduction of mortgage interest to account. For some rapidly rising home prices keep the dream of homeownership out of reach for too many Oregon families, and for others many homeowners struggle to hang on to their homes or make essential repairs. Most of the benefit goes to higher end, mainly White, housing-secure homeowners, as opposed to helping lower income Oregonians buy and maintain their first home. The deduction exacerbates racial wealth disparities built up over generations, as well as the urban-rural divide, as a disproportionate share of the subsidy flows to urban areas.

Two common sense changes would be to phase out the deduction starting at an income of over \$200,000 and end it entirely at \$250,000 and — at a time when some Oregonians do not have a roof over their heads — eliminate the deduction for owners of vacation homes. These modest, reasonable reforms would free up \$200 million each budget period to invest in confronting the statewide housing crisis. Such resources could build starter homes, keep struggling homeowners in their own homes, help struggling renters avoid eviction, and house children currently without a home.

Thank you for your consideration of SB 852.

Sincerely,

David Ferrier  
Director, Housing Programs