



## Testimony for HB 2578 – Monday, March 8, 2021

As the Executive Director of Proud Ground, I am writing in support of the House Bill 2578 on behalf of the Proud Ground staff, board and members. I'm a former elected official and affordable housing professional with an emphasis on promoting homeownership and the stabilizing benefits of it for families.

Proud Ground is a registered 501(c) (3) nonprofit organization that serves families in Multnomah County, Washington County, Clackamas, Lincoln and Clark County. Proud Ground creates permanently affordable homeownership opportunities for first-time homebuyers through homebuyer education and counseling, housing development, and asset management. Using the Community Land Trust (CLT) model, Proud Ground has ensured that more than 365 homes remain permanently affordable in the portfolio, and that more than 550 families around the Greater Portland Metro region and Lincoln County receive the stability of homeownership. We work in partnership with Habitat for Humanity and culturally specific organizations across the state. We serve clients every day that are denied the chance to purchase a home because the state is investing in a tax deduction that benefits people who don't need the credit.

Since this legislation was last considered, the world has changed:

a) Following George Floyd's murder and the ensuing racial protests, many more White Americans have awakened to the racial disparities (not only in policing, but also in wealth). Oregon's current MID is one of our state and country's primary structural reasons why the wealth disparity gets worse every year. Most of the benefit goes to higher end, mainly White, housing-secure home owners, as opposed to helping lower income people buy and maintain their first home. We if we truly care about blacks lives, this reform is imperative.

b) In 2020, COVID and wildfires increased the expenses needed to meet housing and other needs, and COVID has reduced our state revenue. Finding funds to address our significant housing needs is more challenging than ever.- with recognition of 2020 BLM movement elevating systemic racial disparities - such as exist in this tax subsidy benefiting mostly white, wealthier homeowners.

Oregon's biggest housing subsidy largely benefits those who don't need help. The mortgage interest deduction costs Oregon nearly \$1 billion per budget period, making it the state's biggest housing subsidy. The deduction is structured to benefit the most well-off homeowners: 60% of the subsidy goes to the richest fifth of Oregonians. Most low- and middle-income homeowners do not benefit from the deduction.

Modest reform frees up hundreds of millions to confront the housing crisis - could focus to support programs including:

*Dreams Start Here.*

Homeownership - providing increased homeownership opportunities to working families is critically needed in Oregon and would provide generational stability and wealth creation. Rapidly rising home prices and low inventory keep the dream of homeownership out of reach for too many hard working families. Prices continue to increase while wages have been impacted by COVID or have stayed steady at best.

Renters, by definition, get nothing from this subsidy. 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.

A modest reform frees up hundreds of millions to confront the housing crisis

- Two common sense changes would be to phase out the deduction for the richest Oregonians 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 more than a hundred 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. Join us in creating the change Oregon's families need.

The Oregon Center for Public Policy and Housing Oregon are helping lead a growing coalition seeking to confront the housing crisis by investing Oregon's precious resources more wisely.

The time is now to shift resources to where they are needed. You have heard the statistics and the rationale – please consider the growing desperate need for people who are rent burdened now – it's getting worst out there especially for working families raising children. This is a public policy move that will not be easy, but it is imperative.

Sincerely,



Diane Linn, Executive Director  
Proud Ground