

# Let's Fix Oregon's Housing Giveaway: Support HB 2006

*We can ensure homes for more Oregonians with simple reforms to the mortgage interest deduction*



**In the midst of a statewide affordable housing crisis, Oregon's biggest housing program will spend over \$1 billion subsidizing homeownership mainly for well-off Oregonians.** The Oregon mortgage interest deduction (MID) does little to help moderate and low-income homeowners. Instead, it subsidizes homeowners at the higher end of the income ladder, including those with a vacation home.

When too many families across the state struggle to find a home at all, and more than 20,000 children are experiencing homelessness — **it's time to rebalance Oregon's MID to serve more Oregonians who need stable and affordable homes.**

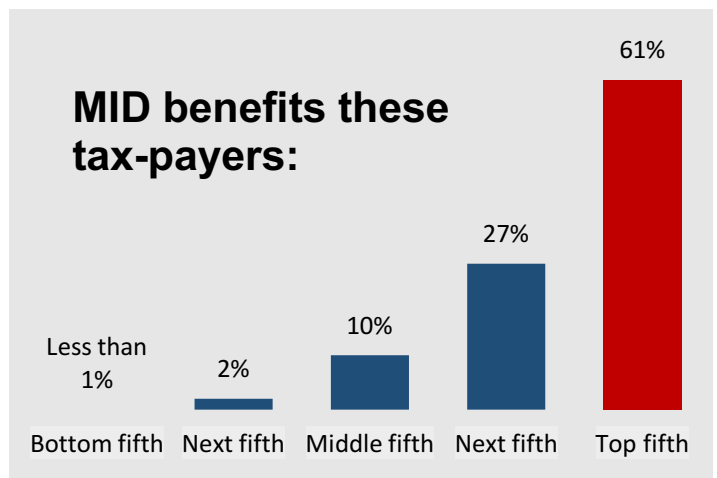
**The Homeownership and Housing Opportunity Bill (HB 2006)** proposes common-sense reforms of the MID.

**HB 2006 redirects excessive housing subsidies to better meet the needs of Oregonians by investing in:**

- affordable homeownership,
- affordable rental homes,
- and supportive services to prevent homelessness.

**A broad coalition proposes legislation with these simple changes to Oregon's unfair and unbalanced MID:**

- Cap the mortgage interest that can be deducted on state taxes at \$15,000
- Eliminate the deduction of interest paid for mortgages on vacation and second homes (note – this does not impact workforce rentals; landlords take different deductions for rental properties)
- Eliminate the deduction for high-income households (over \$200,000 AGI for a couple filing jointly)



The vast majority of Oregon homeowners would not be affected by HB 2006. And, the legislation leaves untouched the larger federal MID for all Oregon homeowners.

**Example 1: First-time homebuyers in Willamette Valley: no impact.** A married couple in making \$60,000 a year buy their first home in the Willamette Valley. They find a house for sale for \$229,000, and make a 5% down payment. HB 2006 will have no impact on these homebuyers. Their interest in year one would be just over \$9,000, and would shrink each year thereafter. The proposed reforms would not impact these homebuyers; they would still have their taxes reduced by almost \$70 a month.

**Example 2: First-time homebuyers in Portland buy median-priced home: no impact.** A married couple making \$95,000 per year buys their first home in Portland. They buy their home for \$406,000, the median home price in Portland. The family puts down 16.8%, the average down payment in Portland. In their first year, they will pay about \$14,300 in interest on their new home. The proposed reforms would have no impact on these homebuyers; they will still have their taxes reduced by almost \$110 a month from the MID subsidy.

**Example 3: Well-off family buys more expensive home: smaller subsidy.** A well-off family in Portland making \$180,000 per year is looking to upgrade to a larger residence. They find a house for \$600,000 and have a 20% down payment from the sale of their first home. In their first year in their new home, this family would pay just over \$20,000 in interest. Under the proposed reform, this family will be able to deduct up to \$15,000 in interest, thus receiving a housing subsidy worth just over \$110 a month. Without the reform their subsidy would be about \$470 more per year, or about an additional \$40 a month.

**By rebalancing the Oregon MID through HB 2006, we can make proven investments to address the statewide housing crisis.**

**HB 2006 is led and endorsed by these organizations:**

