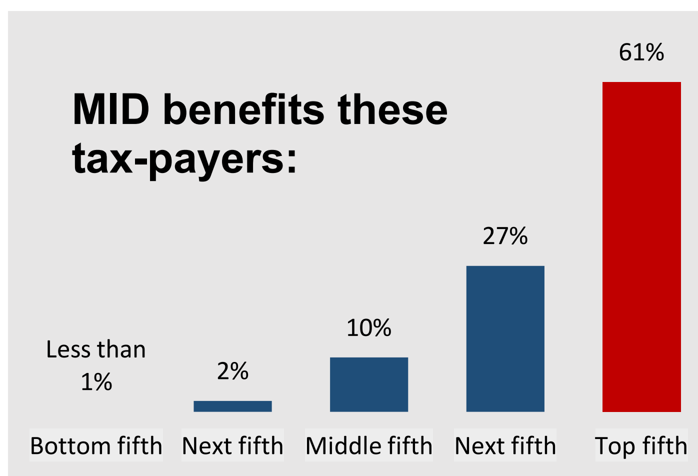
Let's Fix Oregon's Housing Giveaway: Support HB 2006

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 mortgage interest in year one will be just over $9,000, and will shrink each year thereafter; they will still have their state 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 will 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 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, this family will 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. For more information, visit: www.ocpp.org/mid-remedy/

HB 2006 is led and endorsed by these organizations:

OCPP Oregon Center for Public Policy — Because facts matter.

Oregon Opportunity Network

Children First for Oregon

Housing Alliance

Coalition of Communities of Color

welcome HOME

HSCO Human Services Coalition of Oregon

LWV League of Women Voters® of Oregon

Ecumenical Ministries of Oregon

Tax Fairness Oregon

Enterprise®

Habitat for Humanity® of Oregon