

To: Oregon House Committee on Human Services and Housing
From: Donna Cohen
Date: March 9, 2017
Re: HB 2006

I am writing in support of HB 2006 and will outline two distinct arguments. First, it was an affordable housing program which allowed me in late adulthood to finally buy a home, by providing down payment assistance, a 10-year property tax abatement on the house, and by including with the house some basics like window coverings, a refrigerator and stove. It has now been 13 years since I moved here.

During this time I have not only had a stable, financially secure home but that stability has allowed me to engage in personal and civic activities which have improved my life and the life of my community. I spent two years working on a serious transportation issue which has now begun to knit together the two halves of my 15,000-person community. Prior to the project the community was largely separated by a corridor bisecting the neighborhood because that corridor carried, illegally, 500 freight trucks a day, including around a blind curve.



Furthermore, the boundary - an extra-wide neighborhood roadway - had very few crossing features; but the result of the two years I spent with neighbors in talks with the City of Portland and the freight community will result in an overhaul of the street to make it truly pedestrian-friendly. After that project, I spent the next two years working to make sure the remodel of our neighborhood high school included adequate STEM project space.

In short, my presence in, and long-term commitment to, my new community helped to make it safer and stronger. In addition, now having a yard and place to build things motivated a radical change in my physical fitness. At the beginning, I was in poor physical condition but having the house gave me a reason to become stronger - it's hard to do gardening, house maintenance or woodworking when one has little endurance or strength. Essentially, the house drastically improved my life - and my outlook on it!

I thank the state and city of Portland for creating the affordable housing program which helped me and want to see other people continue to be helped. The housing situation in Portland has deteriorated to the point where *if I did not have my little house, I honestly don't know what I would do. I would be very, very vulnerable.*

As I am a curious person and one who loves information, over the years I have researched a number of social issues, including affordable housing and the mortgage interest deduction. Among those who look at this deduction from a purely analytical perspective - and from both sides of the aisle, I might add - there is a great deal of consensus of the need for change.

No less a Republican leader than **Paul Ryan** sees problems with the federal mortgage interest deduction: "Paul Ryan explained that it "ought to be a middle class tax break, not something for higher-income earners." <http://www.cbpp.org/blog/ryan-backs-reform-to-mortgage-interest-deduction-but-bigger-changes-needed>

A panel that **George W. Bush** created to come up with ideas for changing the tax code during his Presidency [President's Advisory Panel on Federal Tax Reform] suggested a cap on the value of the home a deduction was eligible for and changing the deduction to a limited tax credit, which would keep very expensive homes from getting an inordinate tax break. "Another idea was to reduce the ceiling on mortgages eligible for tax breaks..."

<https://taxfoundation.org/early-look-presidents-tax-reform-panel-report/>
<http://shelterforce.com/online/issues/144/mansionsubsidy.html>

There is a lot of evidence that the MID does not encourage homeownership - it just encourages people who already can afford a home to buy a more expensive one. And, how can we justify a deduction on a second home when so many can't afford a first home?

This bill, of course, doesn't just help homeownership. It will affect the full spectrum of housing patterns - from homeownership to rental apartments to preventing homelessness.

Frankly, I see no justification at all for NOT passing this bill. No justification that takes into consideration the logical factors of the MID's influence on the housing market [raises home prices], influence on the vast majority of the population [money spent on the deduction is lost to other, more critical, services], the overwhelming unfairness of this deduction [goes mainly to those who are financially comfortable; no break for those who don't itemize or to renters], nor the clearly humane priority of assisting everyone to have housing, itself, versus some to have no housing and some to have expensive homes or two homes.

The direction to go here is obvious. Should the Committee side with those whose interests are narrow, selfish and parochial - well, the members would have no reason to feel they did their jobs properly as stewards of Oregonians overall.

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