

March 8, 2017

Dear Chair Keny-Guyer and members of the Human Services and Housing Committee:

I write, as a retired housing lender, to urge your support for HB 2006, which will make appropriate changes in the Oregon mortgage interest deduction (MID) to make it more equitable and provide critical resources to support expanded homeownership for first time homebuyers.

Over 60% of the MID subsidy goes to those at the upper end of the income scale who do not need the State's help to be able to be homeowners. At a time when Oregonians statewide struggle to find housing, and over 20,000 children are experiencing homelessness, this policy clearly needs to be changed. Rather than subsidize primarily wealthier homeowners, we believe the State should redirect revenue from the MID to address our statewide housing crisis.

This bill, HB 2006, does three things:

- It caps the state's MID at \$15,000 for a primary residence;
- It no longer allows deduction of interest on a mortgage for a second (vacation) home;
- It eliminates the state MID for high-income households (over \$200K adjusted gross income for a couple filing jointly).

Legislative Revenue has not yet weighed in on the fiscal impact, but estimates suggest these changes will generate at least \$100 million in new revenue per biennium.

The vast majority of Oregon homeowners would not be affected by this proposal. It also has no impact on the federal MID subsidy for all homeowners. It also would not impact landlords, who take deductions differently for rental properties than for their own residence.

HB 2006 directs the revenue from changes to the MID to be invested in existing programs at Oregon Housing and Community Services, as follows:

- 50% to the Homeownership Assistance Account (which funds affordable home development, down payment assistance, homebuyer education etc.);
- 25% to the General Housing Account (for development and preservation of affordable rental housing);
- 25% to the Emergency Housing Account (funds the Emergency Housing Assistance or EHA program for homelessness prevention).

Through HB 2006, we can generate revenue that will enable the State to invest in proven programs that address the continuum of housing needs from homelessness to rental housing to homeownership – with an emphasis on first-time homeownership. Contrary to the claims of many realtors, this shift in revenue will actually provide more opportunities for first-time homebuyers, albeit at the expense of more established homebuyers with accumulated wealth.

I urge your support of HB 2006.

Sincerely,

Ramsay Weit