



March 11, 2019

HB 3349

My name is John Calhoun and I am representing the Oregon Coalition of Christian Voices. We support HB 3349 for a simple reason. It caps a tax benefit for families in the top 5% of income in Oregon so that those with the lowest incomes in the state will have housing assistance. It also says that we should not give tax benefits for those with two houses until everyone has a place to live in their own house.

Our faith tells us that it is our obligation to assist those who have the least. Today Oregon faces a severe housing crisis across the state. We have a strong economy and great wealth, yet too many of our fellow Oregonians suffer from no housing or housing that takes so much of their paycheck that they cannot provide the basics of food and healthcare. This bill addresses this disparity.

Many people are under the impression that the mortgage interest deduction is necessary for people to be able to own homes. While the interest rate deduction may help those at or below the mean household income of \$65 thousand in Oregon, it is not the case for those with incomes almost 4 times that number which is where this bill cuts off the tax deduction.

It is also not a factor in other countries. Canada has houses and lifestyles almost identical to the U.S. They do not have any tax deduction for mortgage interest even though they have home ownership that is currently higher than in the U.S. I have provided a table below that shows home ownership rates by various countries over time. The U.S. has been close to or below the average of other countries in spite of the tax subsidy we provide our taxpayers. Most of the countries comparable to the U.S. provide smaller or no tax subsidies for home ownership and yet they have home ownership rates comparable or better than we do.

The nature of this tax break also currently benefits those at the highest income levels. Tax payers with joint incomes below \$250 thousand save 9% on the interest rate deduction, while those above that level save an additional 10% because of their 9.9% marginal tax rate. Of course, those who cannot afford to own a house and rent get none of this tax break.

OCCV has spoken out many times about the destructive and growing wealth gap we have in our state and in the country. Providing tax benefits for people in the top 5% of income that those in the bottom 5% do not get is no longer acceptable. We ask that you support HB 3349.

Homeownership Rates in 18 Developed Countries

	Homeownership rate (%)					Change in homeownership rate (%)		
	1990	2000	2005	2010	2015	1990-2005	2005-2015	1990-2015
Bulgaria	89.8	96.5	85.4	86.9	82.3	-4.4	-3.1	-7.5
Canada	62.6	65.8	67.1	69	67	4.5	-0.1	4.4
Czech Republic	38.4	47	73.5	78.7	78	35.1	4.5	39.6
Denmark	54.5	51	66.6	66.6	62.7	12.1	-3.9	8.2
Finland	67	61	71.8	74.3	72.7	4.8	0.9	5.7
France	54.4	54.8	61.8	62	64.1	7.4	2.3	9.7
Germany	37.3	41.3	53.3	53.2	51.9	16.0	-1.4	14.6
Ireland	80	78.9	78.2	73.3	70	-1.8	-8.2	-10.0
Italy	64.2	69	72.8	72.6	72.9	8.6	0.1	8.7
Japan	63.2	64.9	63.1	62.4	64.9	-0.1	1.8	1.6
Mexico	78.4	72.7	71.3	69.8	71.7	-7.1	0.4	-6.7
Singapore	87.5	92	91.1	87.2	90.8	3.6	-0.3	3.3
Slovenia	68	82.3	83.2	78.1	76.2	15.2	-7.0	8.2
Spain	77.8	82	86.3	79.8	78.2	8.5	-8.1	0.4
Sweden	41	67	68.1	70.8	70.6	27.1	2.5	29.6
Switzerland	31.3	34.6	38.4	44.4	51.3	7.1	12.9	20.0
United Kingdom	65.8	69.1	69.2	65.7	63.5	3.4	-5.7	-2.3
United States	64	66.8	68.9	66.9	63.7	4.9	-5.2	-0.3
Average	62.5	66.5	70.6	70.1	69.6	8.1	-1.0	7.1

Source: Laurie S. Goodman and Christopher Mayer, "Homeownership and the American Dream," *Journal of Economic Perspectives* 32, no. 1 (Winter 2018): 31-58.