



House Committee on Human Services and Housing
Re: HB 3349, Relating to tax treatment of mortgage interest

March 18, 2019

Dear Chair Keny-Guyer, Vice-Chair Noble, Vice-Chair Sanchez, and Members of the Committee,

Thank you for the opportunity to submit testimony in support of HB 3349. My name is Jenny Lee, and I'm the Advocacy Director for Building Power for Communities of Color, a nonprofit dedicated to policy advocacy for communities of color that will help us achieve a more equitable Oregon.

Oregon faces a housing crisis, from families experiencing homelessness to those who aspire to own a home but are priced out. The resources available to help these families achieve housing stability are scarce. At the same time, we subsidize the housing of the wealthiest households by providing them with a disproportionate benefit from the mortgage interest deduction. HB 3349 would make better use of our resources by investing \$150 million into homeownership programs and homelessness prevention, funded through modest reforms to the existing deduction. These common-sense adjustments would give us additional resources to help aspiring homeowners purchase their first home, keep struggling homeowners housed, and stabilize families experiencing homelessness.

Using our housing resources wisely is critical to increasing housing stability for families of color. Racial disparities in both homeownership and homelessness mean that we need to prioritize helping those who lack opportunities, rather than subsidizing the wealthiest Oregonians. The mortgage interest deduction as currently structured is profoundly inequitable. Homeownership rates in many communities of color are far lower than those for white households. In Oregon, 67 percent of white households own their homes, but just 37 percent of Latino households and 34 percent of black households own theirs. By definition, renters—who are disproportionately households of color—receive no benefit at all from this subsidy. Instead of creating wealth-building opportunities for families seeking economic stability, the mortgage interest deduction provides disproportionate benefits to high-income households, worsening the racial wealth gap. But by adjusting the deduction, we can instead help the families who need it most, including helping them access homeownership.

We also note that Building Power for Communities of Color is coordinating the 2019 Racial Equity Legislative Report, which will analyze racial equity outcomes for the 2019 Oregon Legislature. This report will be used as an educational and advocacy tool to pass policies and make investments that address the priorities of communities of color. The report will identify bills, including HB 3349, that have the potential to reduce and inequities and meaningfully

improve opportunities for communities of color. We believe that HB 3349 will move Oregon toward more equitable housing policies and investments.

Thank you for the opportunity to provide testimony in strong support of HB 3349.

Respectfully,

Jenny Lee
Advocacy Director
Building Power for Communities of Color