



April 11, 2019

To: House Committee on Revenue

Dear Chair Nathanson, Vice-Chair Findley, Vice-Chair Marsh and Members of the Committee:

My name is Shannon Vilhauer, and I am the Executive Director of Habitat for Humanity of Oregon. I am writing to express our enthusiastic support for HB 3349.

There is a common misconception in our society today that community members with the least means receive the greatest percentage of government support for essentials like housing. In fact, the highest income earners in the United States receive the most housing subsidy.

All of us advocating for increased access to housing opportunities are thrilled that Governor Brown's budget includes \$400 million to increase access to stable and affordable places to live for our state's most vulnerable residents. At the same time, our state plans to pay out over \$1 billion next biennium through the Oregon Mortgage Interest Deduction.

Few people realize how disproportionately the Mortgage Interest Deduction benefits the most affluent members of our society. As Prosperity Now recently documented, our nation's highest income earners receive an average, annual Mortgage Interest Deduction benefit of \$12,000. In contrast, homeowners who earn less than \$50,000 per year receive an average, annual Mortgage Interest Deduction benefit of \$18. These discrepancies are stark.

Together with other members of the Oregon Housing Alliance, Habitat for Humanity of Oregon asks you to consider refocusing a small portion of this huge budget expenditure to increase statewide housing opportunities that will build strength and stability for Oregon children, families and the communities we all share.

We were astounded to learn that by adjusting Oregon's state Mortgage Interest Deduction in a manner that preserves the same benefit for 95% of homeowners, Oregon can free up \$150 million per biennium to provide critical investments in stable and affordable homes. All Oregonians will still have access to the federal Mortgage Interest Deduction, as written.

[Habitat for Humanity of Oregon](http://HabitatforHumanityofOregon.org)

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Many House and Senate members are seeking opportunities to enhance Oregon students' academic performance. We believe that supporting HB 3349 will have a huge impact on student achievement. This bill seeks to redirect the anticipated \$150 million in anticipated savings in two key ways:

- Increasing access to affordable homeownership opportunities
- Stabilizing Oregonians experiencing homelessness, with a strong focus on children

Habitat for Humanity has long worked to provide low-income families with the opportunity to break the cycle of intergenerational poverty by owning a key asset: their home. In addition, Habitat for Humanity provides low-income homeowners with critical home improvements in 24 Oregon communities.

Habitat for Humanity of Oregon recently conducted a statewide homeowner impact study that highlights the educational benefits experienced by the children living in Habitat homes:

- 63% of the children we serve received better grades after moving into their Habitat home.
- 92% of the children raised in Habitat homes graduated from high school, exceeding Oregon's high school graduation rate by 16%.

The children of Habitat homeowners also experience improved health outcomes, receive higher adult earnings and are far more likely to become homeowners themselves. Our friends from Proud Ground have documented parallel outcomes for the homebuyers they serve.

Homeownership is an incredible wealth building opportunity for households of modest means. We know that through policies like redlining and disparate access to credit, people of color have not had fair access to homeownership opportunities in the United States. Over decades, this disparate access has resulted in a well-documented racial wealth gap. The Mortgage Interest Deduction as currently written reinforces these decades of harm.

For 30% of households in the United States, their home is their only source of wealth. Prosperity Now also conducted a study in 2016 on families who earn the median income in their communities. For renter households at this income level, their net worth was \$5,200. Homeowners at the same income level had achieved \$200,000 in household wealth.

It is time to make the entire state of Oregon an "Opportunity Zone". Investing \$75 million in affordable homeownership opportunities each biennium will help to stabilize families and communities—and lead to enhanced student success. We know that students who wake up in tents along the roadside face too many daily challenges to come to school ready to learn.

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By supporting HB 3349, Oregon legislators have the opportunity to put a moral stake in the ground. We invite you to join us in our assertion that the greatest housing subsidy from state government should not keep going to the people who need it the least.

We ask you to invest instead in both ends of the housing continuum. Make it a true priority to provide safe and adequate shelter for Oregon's kids. Empower hardworking Oregonians across the state to plant roots in their community, build wealth and contribute to cities and towns we can all be proud to call home.

Thank you for your thoughtful consideration of HB 3349. We hope that you will support this loving and groundbreaking legislation. On behalf of the Board of Directors of Habitat for Humanity of Oregon and the 26 Habitat for Humanity affiliates building and repairing homes across the state, thank you for your service.

In partnership,

A handwritten signature in black ink that reads "Shannon M. Vilhauer". The signature is written in a cursive, flowing style.

Shannon M. Vilhauer, Executive Director

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