



April 1, 2021

RE: Support for SB 852

Dear Chair Jama, Vice Chair Linthicum, and Members of the Committee:

My name is Karen Rockwell and I am the Executive Director of Benton Habitat for Humanity. I am also a member of the Habitat for Humanity Oregon Board of Directors. Thank you for the opportunity to submit my strong support for SB 852.

Mortgage Interest Deduction reform is an essential tool that could immediately provide relief to those in our community that have the greatest need.

This reform is also about addressing and correcting disparities. Oregon is dedicating itself to closing gaps and creating equity. This is done by taking a hard look at what is currently in place, and making the necessary adjustments to align with today's priorities. That is what SB 852 has done, and this reform is only a matter of when, not if.

Currently, Mortgage Interest Deduction is a government subsidy that is provided to the highest income earners in the United States. It is, in fact, the nation's biggest housing subsidy. Through this reform, the subsidy will be reallocated as grants for affordable homeownership and homelessness initiatives and will be able to be used to support our neighbors with the least means.

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

By adjusting Oregon's state Mortgage Interest Deduction in a manner that preserves the same benefit for over 95% of homeowners, Oregon can free up at least \$150 million per biennium to provide critical investments in stable and affordable homes. Oregon homeowners will still have access to the federal Mortgage Interest Deduction.

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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 renters at this income level, household net worth was \$5,200. Homeowners at the same income level had \$200,000 in household wealth.

We believe that supporting SB 852 will lead to greater student achievement. This bill seeks to redirect over \$150 million in anticipated savings in two key ways:

- Increase access to affordable homeownership opportunities.
- Stabilize Oregonians experiencing homelessness, including children.

Habitat for Humanity partners with families of modest means to enable them to break the cycle of intergenerational poverty by purchasing a key asset: their home. 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 for Humanity 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.

The greatest housing subsidy from the 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 to plant roots in their community, build wealth and contribute to cities and towns we can all be proud to call home.

Thank you again for the opportunity to testify on behalf of Mortgage Interest Deduction Reform. I encourage you to support SB 852.

With gratitude,



Karen Rockwell
Executive Director

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