

Submitter: Kari McGee  
On Behalf Of: Myself  
Committee: Senate Committee On Finance and Revenue  
Measure: SB976

Hello. I am a Principal Real Estate Broker, with 18 years of real estate experience, at Living Room Realty in Portland, OR. I am writing in support of Senate Bill 976. It has become exceedingly clear that our current system of mortgage interest deduction is antiquated, inequitable, and incredibly harmful to a state that is clearly struggling with a lack of affordable housing. Interest rates are currently around 6.5% and due to an unceasing and worsening lack of housing supply (at all price points), we currently are seeing home prices in our area approach the record highs of Spring of 2022. To reiterate, in spite of much higher interest rates (at least 3 points higher), home prices are about the same as they were last year at this time. Oregon's lack of housing will not be corrected any time soon and with each year that passes, I have witnessed the privilege of homeownership become increasingly restricted to the wealthy in Oregon. Only first-time home buyers with access to generational wealth, are able to purchase a home in many parts of Oregon right now. Mortgage Interest deduction worsens the gap. It makes homes more expensive and limits the housing supply. It is a subsidy that primarily benefits the already wealthy in Oregon. How can we have a tax deduction subsidy for owners of second homes in a state with such a large population of folks who have NO PLACE TO LIVE? This makes absolutely no sense to me. Mortgage Interest deduction no longer serves the middle-class and entry-level Buyers it was meant to support, and I am confident that this current program is limiting my real estate business. In closing, I'd like to reference the 5 "Take-Aways" as outlined in Secretary of State, Shemia Fagen's audit of the program:

1. Higher-income taxpayers receive most of the benefits from the MID. For example, roughly 18,000 taxpayers with incomes in the top 1% received more benefit from the MID than the 727,000 taxpayers in the bottom 40% combined. (pg.12)
2. Average MID benefits and the percentage of taxpayers receiving them vary considerably among Oregon counties, with a handful of mostly urban counties receiving a disproportionate share. For example, in the 2018 tax year taxpayers in Clackamas County received an average benefit of \$331, while taxpayers in Wheeler County received an average of \$71. (pg. 14)
3. Due to significant differences in homeownership rates and income, people of color in Oregon receive disproportionately less MID benefits than white people, especially for Black or African American, Latino, and Native American people. For example, the homeownership rate for Black people in Oregon is more than 30% lower than for white people. (pg. 17)

4. Promoting homeownership is a commonly cited purpose for the MID. (pg. 21) However, we did not find any evidence to support this assertion. In Oregon, the primary barriers faced by prospective low- to moderate-income homebuyers include high home prices, limited funds for down payments, and credit issues, none of which are addressed by the MID. (pg. 19)

5. The MID receives no state-level evaluation, limiting accountability for its regressive outcomes. Without this information, policymakers, the media, and the public cannot fully participate in decisions about how to allocate state resources. (pg. 24)

Sincerely,

Kari McGee  
Principal Broker  
Living Room Realty