



April 11, 2023

Senator Mark Meek
Chair, Senate Committee on Finance & Revenue
900 Court St NE, S-409
Salem, OR 97301

Re: Support for SB 976

Chair Meek, Vice-Chair Boquist, and Members of the Committee,

Welcome Home Coalition, over 80 organizations in the Portland Metro Area with the common vision of ensuring everyone has access to an affordable and stable home in our region, urges your support of Senate Bill 976. We urge your support for this important piece of legislation to rein in wasteful aspects of our tax code and to make meaningful investments in addressing our ongoing housing crisis.

Oregon continues to suffer from a continuing and deepening housing crisis. There simply are not enough safe, stable, and affordable homes for everyone Oregonian to call home in our state. Meanwhile, the mortgage interest deduction dedicates roughly one billion dollars every budget period and is—by far—the biggest expenditure on housing by the state, yet this subsidy is wasted on subsidizing housing for those who do not need help: that is, the state’s most well-off homeowners. Despite being the largest housing subsidy in Oregon, the MID fails to directly benefit any renter in Oregon, whose housing costs weigh more heavily compared to homeowners.

The recently reported Oregon Housing Needs Assessment shows that almost half of the projected housing need in our state is in the Portland Metro Area. As a coalition that championed two local affordable housing bonds in the past several years, we are focused on potential new revenue streams we can use to ensure we continue to increase affordable housing stock in our region. The forgone revenue that would be saved from MID reform and dedicated to a fund to promote existing programs used to promote homeownership for families with lower incomes and to address our state’s continuing housing crisis would be a game changer.

While the MID stands to potentially benefit first-time homebuyers, it also stands to further enrich Oregon’s most wealthy households. An audit of the program by the Oregon Secretary of State last year reported that **the mortgage interest deduction “is designed in a way that systematically benefits higher income”** homeowners, and that “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.”



SB 976 seeks to reform Oregon's mortgage interest deduction to prevent waste and dedicate funding to those families that are in the greatest need of support in achieving homeownership or avoiding homelessness.

First, SB 976 continues to allow most households to deduct mortgage interest. For most families across the state, SB 976 will result in no change in their tax obligations. Only when incomes rise beyond \$200,000 in adjusted gross income for the year will the mortgage interest deduction begin to phase out. For households with incomes over \$250,000 the mortgage interest deduction will be completely phased out.

Second, the mortgage interest deduction will be disallowed for any home other than the taxpayer's primary residence. This means that Oregon will no longer subsidize vacation homes or second homes but rather subsidize working families fulfill dreams of homeownership in our state.

When so many families across Oregon are struggling with housing instability, it is unconscionable that we continue to subsidize families who are in no need of support from the state. SB 976 is a common-sense piece of legislation that would ensure our tax code works for all Oregonians, not just the wealthiest among us.

Please act to pass SB 976. Thank you for your time and for your service to the state.

Sincerely,

A handwritten signature in dark ink that reads "Molly Hogan". The signature is written in a cursive, flowing style.

Molly Hogan, Director, Welcome Home Coalition