



April 12, 2023

Re: Support of SB 976

Chair Meek, Vice Chair Boquist, and members of the committee:

Thank you for the opportunity to submit testimony in support of SB 976. By reforming the mortgage interest deduction, this legislation would secure additional resources to address Oregon's housing crisis and advance racial equity in our tax policy. My name is Jenny Lee, and I am the Deputy Director for the Coalition of Communities of Color, an alliance of culturally-specific nonprofits dedicated to taking collective action for racial justice.

Many of our member organizations work to provide people of color with support through housing assistance and tools to increase opportunities for homeownership. The mortgage interest deduction, however, plays no role in helping their clients achieve their goal of homeownership or find an affordable place to rent.

The mortgage interest deduction is deeply flawed as both tax policy and housing policy. It does not help aspiring homeowners purchase a home. And by definition, it does nothing to help *any* renter, Black, Brown, or white, rural or urban—those who are those most vulnerable to housing instability. With this legislation, we can actually do something to help Oregonians find stable homes and homeownership by reinvesting these resources into housing assistance.

Despite the Legislature's investments in housing, we still have just a fraction of the resources we need to comprehensively address our housing crisis. Targeting these resources to aspiring first time homeowners and people struggling to make ends meet in rental housing would be a much more prudent use of state resources.

In 2022, the Coalition of Communities of Color's Research Justice Institute published a [major report](#) on addressing the racial wealth gap in Oregon. The report illustrated how the mortgage interest deduction has worsened wealth disparities. Historical exclusion from homeownership has prevented Black, Latine, Pacific Islanders, and Indigenous families from building intergenerational wealth, and today, disparities in income and assets make it harder to make a downpayment or secure a mortgage.

The report noted "the mortgage interest deduction has reinforced the racialized homeownership gap." Not only are white Oregonians more likely to own their homes, but nationally, white homeowners are 2.5 to 5.7 times more likely to hold a mortgage over \$500,000—meaning that even among homeowners, they reap a disproportionate benefit from this policy. And because this is a deduction, the policy is inherently regressive and benefits high earners the most.

Among the report's recommendations was reforming the mortgage interest deduction and using these resources to support increased assistance for low and moderate income Oregonians to purchase a home or pay rent. In addition to the accessibility of homeownership for many Oregonians of color, homelessness continues to have a devastating impact in our state, and these resources would be much better used to make sure every Oregonian has a decent, stable home and address our housing crisis.

If we are truly dedicated to finding solutions to Oregon's worsening housing crisis, we must address the flaws in the mortgage interest deduction. SB 976 is a commonsense reform that would generate resources we desperately need. Thank you for your service and for your consideration of this legislation.

Sincerely,

Jenny Lee
Deputy Director
Coalition of Communities of Color