



HOUSING SENIORS | CREATING HOPE | PILOTING CHANGE

April 21, 2023

Members of the Senate Committee on Finance & Revenue
Oregon State Legislature
900 Court Street NE
Salem, OR 97301

RE: **Support for SB 976**

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

Thank you for the opportunity to share testimony, on behalf of Northwest Pilot Project, in strong support of SB 976. This bill aims to reform Oregon's mortgage interest tax deduction (MID) and make meaningful investments in addressing our ongoing housing and homelessness crisis. Passage of this bill will be an important step towards implementing a more equitable tax code, and will help address the well-documented and pervasive racial disparities in housing affordability and stability statewide.

Northwest Pilot Project (NWPP) is a social service agency with over five decades of experience in providing housing stabilization services to low and very low-income older adults, age 55 and over, experiencing or at risk of homelessness in Multnomah County.

Across the state, as rental vacancy rates plummet and housing becomes less and less affordable, an increasing number of Oregonians are experiencing greater housing instability and homelessness, especially older adults age 65 and over who are the fastest growing age group of people experiencing homelessness.¹ According to the Oregon Office of Economic Analysis, 44% of rental households spend more than 30% of their income on rent each month, and 54% of renters do not have enough income left over after paying rent to afford other basic needs.² Over half of older adults have no retirement or savings. Due to decades of racially discriminatory housing practices, Black, Indigenous, and People of Color (BIPOC) communities are over represented among the vulnerable

¹ The Emerging Crisis of Aged Homelessness (2019), Dennis Culhane, PhD et al.

<https://aisp.upenn.edu/wp-content/uploads/2019/01/Emerging-Crisis-of-Aged-Homelessness.pdf>

² "Oregon Households Struggling with Housing Costs," Oregon Office of Economic Analysis, January 2023.

<https://oregoneconomicanalysis.com/2023/01/25/oregon-households-struggling-with-housing-costs/>

seniors that NWPP serves, as well as in the overall populations experiencing or at risk of homelessness throughout the state.

In the midst of our current housing and homelessness crisis, Oregon's MID— the state's biggest housing subsidy — is subsidizing housing for high-income homeowners who do not need the state's help to remain stably housed. While housing advocates are working to secure access to \$100 million in emergency rent assistance and homelessness prevention funds for low-income residents struggling to avoid eviction, the MID housing subsidy is forecasted to generate \$900 million in the 2023-25 biennium. These funds will disproportionately accrue to the state's most well-off homeowners. An audit of the program by the Oregon Secretary of State in 2022 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."³

SB 976 seeks to reform Oregon's mortgage interest deduction so that the state's biggest housing subsidy will help address, not exacerbate, our housing and homelessness crisis. The three major changes to the MID that the bill proposes include:

- Eliminating the option to claim a deduction on mortgage interest for secondary residences.
- Eliminating the option to claim a deduction on mortgage interest for individuals with high incomes. Specifically, the MID begins to phase out once a household reaches \$200,000 in adjusted gross income, and completely phases out at \$250,000 in adjusted gross income.
- Establishes the Oregon Housing Opportunity Account. Recaptured revenue that otherwise would go to claimed mortgage interest deductions, as mentioned above, will be rededicated for [1] promoting homeownership among communities of color and low-income families and [2] preventing and addressing homelessness in Oregon.

In the face of the housing and homelessness crisis afflicting our state, it is urgent that the legislature passes SB 976 and transforms the state's biggest housing subsidy into a vehicle for addressing this crisis. We strongly encourage your support of SB 976. Thank you for your time and consideration.

Sincerely,

Laura Golino de Lovato
Executive Director
Northwest Pilot Project

³ Without Legislative Action the Mortgage Interest Deduction Will Remain Regressive and Inequitable (March 2022), Oregon Secretary of State. <https://sos.oregon.gov/audits/Documents/2022-11.pdf>