



Sybil Hebb
Director of Policy Advocacy
522 SW Fifth Ave.
Suite 812
Portland, OR 97204
P: 503.936.8959 (cell)
shebb@oregonlawcenter.org

TESTIMONY SUPPORTING HB 3349
House Human Services and Housing Committee
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Chair Keny-Guyer, Vice-Chairs Noble and Sanchez, and members of the Committee,

On behalf of the Oregon Law Center (OLC), thank you for the opportunity to submit testimony in support of House Bill 3349, which would phase out the mortgage-interest deduction for high-income Oregonians and disallow the deduction for second homes. The bill would direct the savings accomplished by this change to the Oregon Housing Fund, to be used to address Oregon's housing crisis.

OLC's mission is to achieve justice for low-income communities of Oregon by providing a full range of the highest quality civil legal services. Helping families maintain safe, stable housing is a critical part of our work. Without stable housing, it is difficult or impossible to hold down a job, keep children in school, access neighborhood amenities, and stay healthy. As rental vacancy rates have plummeted and housing has become less and less affordable across the state, our clients have increasingly struggled to maintain stability for themselves and their children. An increasing number of our clients are homeless, and homeownership is ever-more out of reach of most Oregonians.

We know that this is not just an urban problem - rural Oregonians are particularly impacted.¹ More than 21,000 students experienced homelessness last year, with some of the highest rates coming from rural districts. While the risks and burdens of this crisis rest most heavily on the shoulders of low-income families, it is not only they who are at risk. We hear stories of middle income, working Oregonians living in their cars, seeking services from shelters, or desperately afraid of homelessness. Affordable housing is disproportionately difficult to find and maintain for communities of color, single women with children, seniors, and people with disabilities. This housing insecurity has untold negative consequences for the health, education, safety, and stability of all of our communities.

Oregon's mortgage interest deduction is valued at approximately \$970 million this biennium. These financial benefits accrue to all homeowners, regardless of income and regardless of whether the home is a primary residence. Under current law, this significant housing-related expenditure is not used in a way that is targeted to address the impact of our housing crisis.

Passage of HB 3349 would codify a reasonable and common-sense strategy designed to target the mortgage interest deduction expenditure to meet the state's priority housing needs. The bill would maintain the current program's support for moderate income Oregonians seeking the stability of homeownership, while phasing out the benefit for high-income earners and disallowing the benefit for second/vacation homes. The bill would direct significant resources towards homeownership assistance and emergency housing assistance for the prevention of child homelessness.

¹ <https://oregoneconomicanalysis.com/2018/03/07/update-on-rural-housing-affordability/>

We appreciate that this legislature is poised to consider a variety of ways to help ensure access to stable, safe, affordable, and secure housing for all of our communities. This session, we hope to encourage the construction and preservation of more affordable housing stock, greater access to supportive housing, and greater support for specialized and general emergency shelter and other housing and homeownership assistance. HB 3349 is one important part of this package of solutions to our current statewide crisis.

I thank the committee members for their time and attention to this issue, and urge support of this important bill.