

March 9, 2021

House Committee on Housing
Oregon State Legislature
900 Court Street NE
Salem, OR 97301

Re: Testimony in Support of HB 2578

Chair Fahey, Vice Chair Morgan, Vice-Chair Campos, Members of the Committee:

Thank you for the opportunity to provide testimony in support of HB 2578. I'm writing as an individual Oregonian who is deeply concerned about the impact of the worsening housing affordability crisis. HB 2578 is an important opportunity to begin correcting the disparities that the current structure of the mortgage interest deduction has exacerbated.

The mortgage interest tax deduction costs Oregon more than \$1 billion per budget period, making it the state's largest housing subsidy. The current structure distributes the benefits primarily to those who need help the least. Well over half of the subsidy goes to the richest fifth of Oregonians, while most low- and middle-income households like myself and the residents my organization serves do not benefit from it. The mortgage interest deduction has long been one of the primary structural reasons why our state and country's wealth disparity gets worse every year.

I represent one of those middle-income households who is trapped, watching the goal of homeownership in Central Oregon slip further from reach. Without being able to afford a starter home on local professional wages, I will have lost the ability to advantage of the country's primary asset-building mechanism for middle-class households. It's difficult to convey the anxiety and hopelessness in realizing that the community that I've invested so many years into improving, is likely not the place where I'll ever be able to feel secure. Despite being the director of a vibrant, important community organization, and being an educated and relatively privileged individual, the crush of living with housing insecurity is constant drain. I feel cut off from the future of my community. The current deduction structure incentivizes investor demand for the same scarce homes that otherwise might have been my family's opportunity to build equity and financial security. The subsidy disproportionately benefits urban areas, exacerbating the urban-rural wealth divide. To be clear, I'm not a special case, but I represent a large swath of Oregonians whose stability is crucial to the state's future.

HB 2578 represents a critical improvement to a distorted deduction system and is a common-sense reform to free up hundreds of millions of dollars for first-time homeowners, crucial services to end homelessness for our unhoused neighbors, and eviction prevention support. I urge you to support this modest reform of the mortgage interest tax deduction to create an important tool that will strengthen homeownership opportunities for families like mine.

Thank you for your consideration of these comments and for your service to Oregon.

Sincerely,

Colleen Sinsky