

Testimony in Support of HB 2578

Greetings Chair Fahey, Vice-Chair Campos, Vice-Chair Morgan, and members of the Committee:

I am writing in support of HB 2578. As a resident of Deschutes County for over 20 years I have seen wealth inequality and housing insecurity increase drastically. I witness how our housing crisis crushes people's hope and creates chronic stress and instability within communities. The status quo benefits some tremendously, yet leaves a large percentage of Oregonians cost burdened, displaced, locked out of homeownership, and sometimes homeless.

I am impressed by the progress made by President Trump in reforming the federal MID. It's time for Oregon to follow suit and adopt House Bill 2578. Rural Central Oregon is suffering tremendously from housing challenges – while Oregon's biggest housing subsidy — the mortgage interest deduction — overwhelmingly benefits urban and affluent homeowners.

Communities have created housing solutions that work incredibly well, but due to a lack of funding they are not able to even get close to meeting the scale of need. More funding is needed. HB 2578 is a common-sense way to bring these solutions up to scale without raising any new taxes.

Central Oregon has 12,891 homes that no one lives in – they are occasional use vacation homes. Several Oregon coastal communities have an even higher rate of empty homes. This trend exacerbates the housing crisis and does not need to be encouraged. People who can afford vacation homes and \$180,000 Sprinter vans do not need a housing subsidy - especially, when so many Oregonians are fighting just to keep a roof over their heads.

As Daniel Hauser points out – “HB 2578 scales back the state mortgage interest deduction for all filing types starting at \$200,000 in adjusted gross income and completely ends the state subsidy at \$250,000. This protects the deduction for 95 percent of taxpayers – only targeting the richest 5 percent who do not need the state to subsidize their homes.”

Economists and analysts across the political spectrum agree that the mortgage interest deduction is poorly designed public policy. In the face of the housing crisis afflicting our state, it is urgent that the legislature transform the state's biggest housing subsidy into a vehicle for addressing the crisis.

Sincerely,
Beth Jacobi
Tumalo, Oregon

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