



March 30, 2021

Senate Committee on Housing and Development
900 Court Street NE
Salem, OR 97301

RE: Testimony on SB 852 (Reform of Mortgage Interest Tax Deduction)

Dear Chair Jama, Vice-Chair Linthicum & Members of the Committee:

Thrive Hood River (formerly Hood River Valley Residents Committee) is one of Oregon's oldest local land use advocacy groups. Since 1977 our mission has been to protect farms, forests, special wild places and the livability of urban and rural communities in Hood River County. We are writing to express our **strong support** for SB 852 which reforms Oregon's Mortgage Interest Deduction (MID).

Hood River County is in the top 1% of least affordable housing markets of rural counties across the entire United States. As a desirable vacation destination, our housing crisis is made worse by the increased number of homes – upwards of 10% of the total housing stock - that have been snatched up by out of area owners to use as second homes. To make matters worse, the State of Oregon subsidizes the conversion of homes from being housing for the working people of Hood River to being mostly dark vacation homes owned by wealthy out-of-towners through the Mortgage Interest Deduction. SB 852 would eliminate the Mortgage Interest Deduction for second homes used as vacation homes.

The City of Hood River is in the process of adopting Missing Middle housing code to encourage the production of smaller, more affordable units for working folks of Hood River. Again and again during City Council hearings, people have expressed concern that the cheaper homes created under the new zoning code will be snapped up by second homeowners rather than people that live here year round. While eliminating the Mortgage Interest Deduction won't stop all second homes in Hood River, it sure seems crazy to us that the State of Oregon should subsidize second home ownership. If you are rich enough to own a vacation home, there's no compelling public reason why the rest of us should help fund it.

Research from economists across the ideological spectrum show that the Mortgage Interest Deduction functions poorly as an incentive to home ownership because its benefits accrue primarily to upper income households who would own homes with or without the MID incentive. Nationwide households making over \$200,000 per year comprise just 5.7% of the population but they claim 63.9% of the Mortgage Interest Deduction. It's time to stop subsidizing housing for the wealthy when so many working and middle class families struggle to find homes they can afford.

Over the last few years, the Oregon Legislature has adopted innovative new housing initiatives – but many need a funding source. SB 852 would put around \$200 million per biennium into the Oregon Housing Opportunity Account for programs that promote affordable home ownership and prevent homelessness. We strongly encourage you to **pass SB 852**.

Best regards,

Heather Staten
Executive Director