

Hello,

Thank you for providing the opportunity to submit testimony on Senate Bill 852. I work in housing affordability and policy and wanted to offer my observations about this bill and make a key suggestion that could significantly build coalitions, including members of the real estate industry.

As proposed, I agree with the intended policy objective of the bill - the mortgage interest deduction is an enormous housing subsidy (over \$1 billion per biennium in foregone revenue) that largely only benefits the wealthiest Oregonians. I support making this subsidy more equitable and accessible for Oregonians of modest means.

However, by structuring the policy to remove the tax incentive and provide that money to OHCS, they have understandably made political opponents of members of the real estate industry, whose industry and clientele benefit from the subsidy.

This opposition does not need to exist - both parties share the goal of housing more Oregonians and making homeownership more accessible, and it would be possible to reform the mortgage interest deduction in a manner that benefits both parties. Specifically, by changing the mortgage interest deduction to a tax credit that primarily benefits low- and middle-income Oregonians and phases out as people earn higher incomes, this would vastly increase the equity of the subsidy.

Advocates would benefit from a greater subsidy provided for lower- and middle-income Oregonians as well as increased efficacy as such a reform would require little administrative overhead. The real estate industry would also benefit significantly as homeownership becomes an option for more people on the margin of buying a home (whereas wealthy Oregonians will continue to purchase homes in lieu of a subsidy).

I understand this bill is well-developed, and I know that significant changes may not be accepted at this time, but I think this approach would both go farther in furthering good housing outcomes in the state while building a stronger coalition of interests that share the same goal: getting Oregonians housed.

Thank you,
Sean