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# A home is the *foundation.*

## **Representative Keith Ellison's Bill to Fund the National Housing Trust Fund**

Congressman Keith Ellison (D-MN) is expected to introduce the Housing Subsidy Fairness Act in early September. This bill would provide dedicated funding for the National Housing Trust Fund (NHTF) with savings generated by reform of the mortgage interest deduction (MID).

The National Housing Trust Fund is a dedicated fund intended to provide revenue to build, preserve, rehabilitate and operate housing for people with the lowest incomes.

Mr. Ellison's bill closely follows the reform proposal developed by National Low Income Housing Coalition, which would lower the cap from \$1 million to \$500,000 on the amount of mortgage debt for which the homeowner can take a deduction on the interest paid. It would also convert the deduction to a non-refundable tax credit, making it available to all homeowners with mortgages, not just those with enough income to itemize.

### **Why Do We Need the National Housing Trust Fund?**

- Overwhelming need: The need for housing for extremely low income (ELI) household increased to 9.8 million as of 2010, accounting for one out of every four renter households.
- Units are in short supply: For every 100 ELI households seeking an apartment, only 30 units both affordable and available can be found. In sum, 6.8 million additional units are required to address the need for affordable housing among ELI households.

### **What Would the Ellison Bill Do?**

- Lower the cap on the mortgage amount for which interest paid can be claimed as a tax break from \$1 million to \$500,000. Allow home equity loans and loans for second homes to be included under the \$500,000 cap.
- Convert the tax deduction to non-refundable tax credit at 20% under current law.
- Credit the NHTF with mandatory funding in the amount of the annual savings from reforming the MID for 10 years.
- Phase in both the cap reduction and conversion to credit over five years.

### **What Results Will We See?**

- The bill would generate annual revenue for the NHTF that would be allocated to states for 10 years.
- Your state will receive funding to build, preserve, rehabilitate and operate housing for extremely low income households. View a table of funding estimates for each state at <http://bit.ly/MOVKQy>.

For more information, contact Sheila Crowley, NLIHC President & CEO, at [sheila@nlihc.org](mailto:sheila@nlihc.org) 202-662-1530 ext 225.

**Endorse funding the National Housing Trust Fund by reforming the mortgage interest deduction at [www.nlihc.org/issues/nhtf/revenue4nhtf](http://www.nlihc.org/issues/nhtf/revenue4nhtf)**