

Support for Reforming the Mortgage Interest Deduction

Analysis of a national survey of adults for
the National Low Income Housing Coalition

September 2012



Opinion Research ■ Strategic Communication

Objectives of Research

Inform about attitudes on:

- Mortgage interest deduction
- Possible reforms
- Programs to assist low-income people obtaining housing

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Methods

- 1,006 nationwide telephone (landline and cell phone) interviews, Aug 7-19, ± 3.1 margin of sampling error
- Including oversamples of African Americans and Latinos

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Overview

- Broad support for tax breaks on the interest from home mortgages
- Majorities open to different ways of providing that mortgage relief
- Majorities see the need to boost support for rental housing for low-income people

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Outline

1. Context: The economy and taxes
2. Changing the MID
3. Funding low-income rental housing programs

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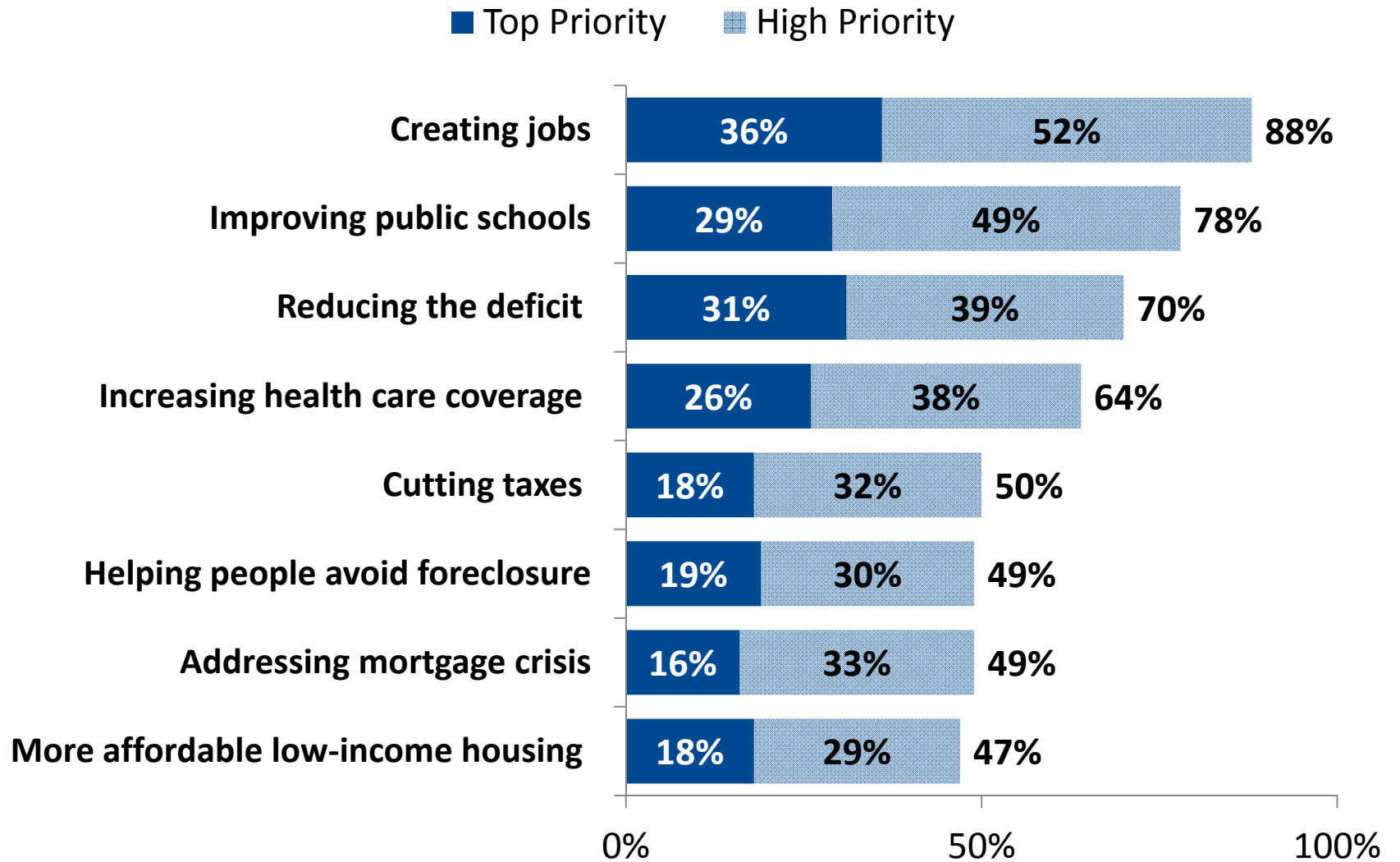


Context: The economy and taxes

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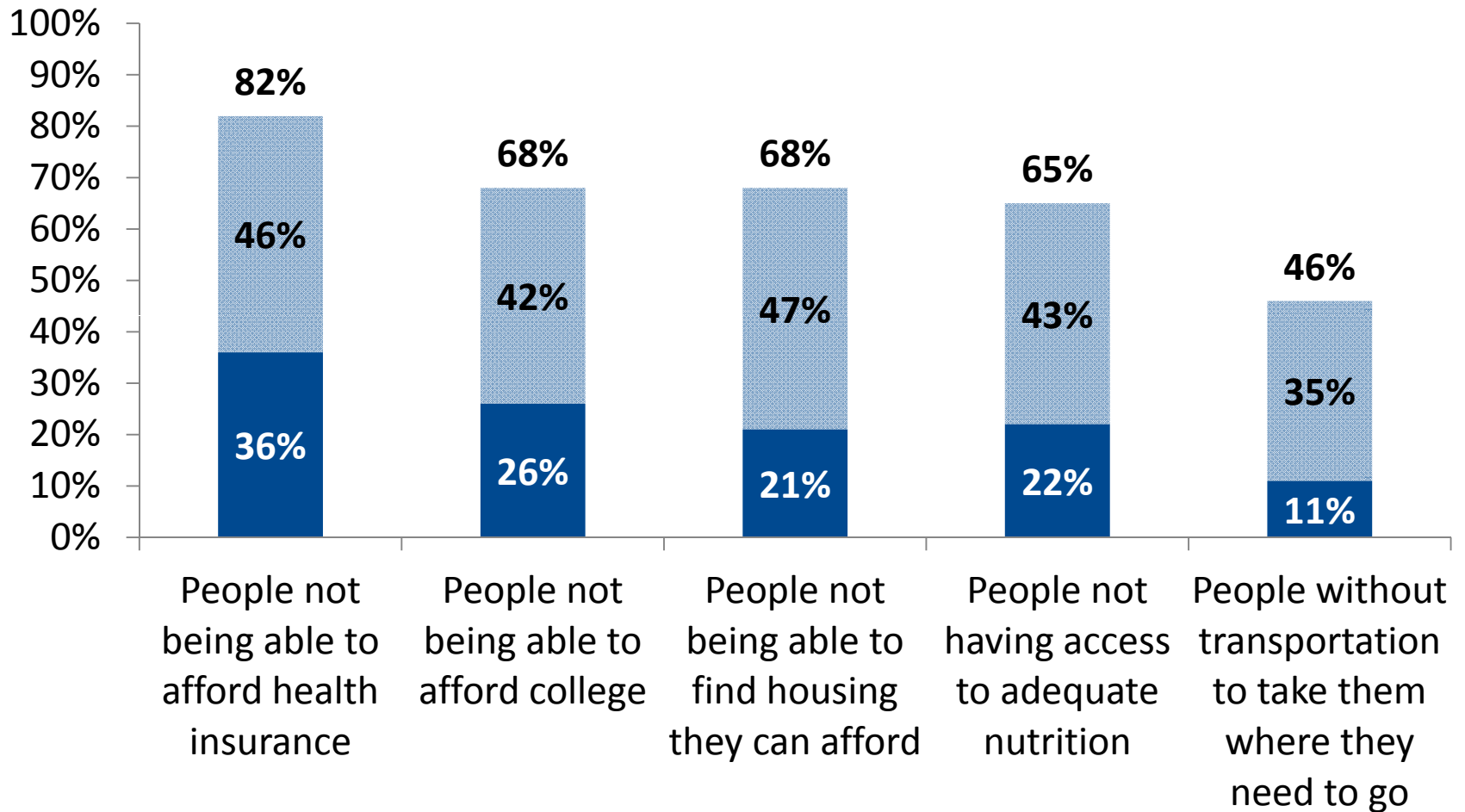
National Priorities



Please tell me how high of a priority each of the following should be for the federal government: top priority, high priority, middle priority, low priority, or not at all a priority. (RANDOMIZE Q2-Q9) Q2. Reducing the deficit; Q3. Creating jobs; Q4. Cutting taxes; Q5. Improving public schools; Q6. Creating more affordable housing for low-income people; Q7. Addressing the mortgage crisis; Q8. Increasing health care coverage; Q9. Helping people avoid foreclosure.

National Problems

■ Very Large ■ Large



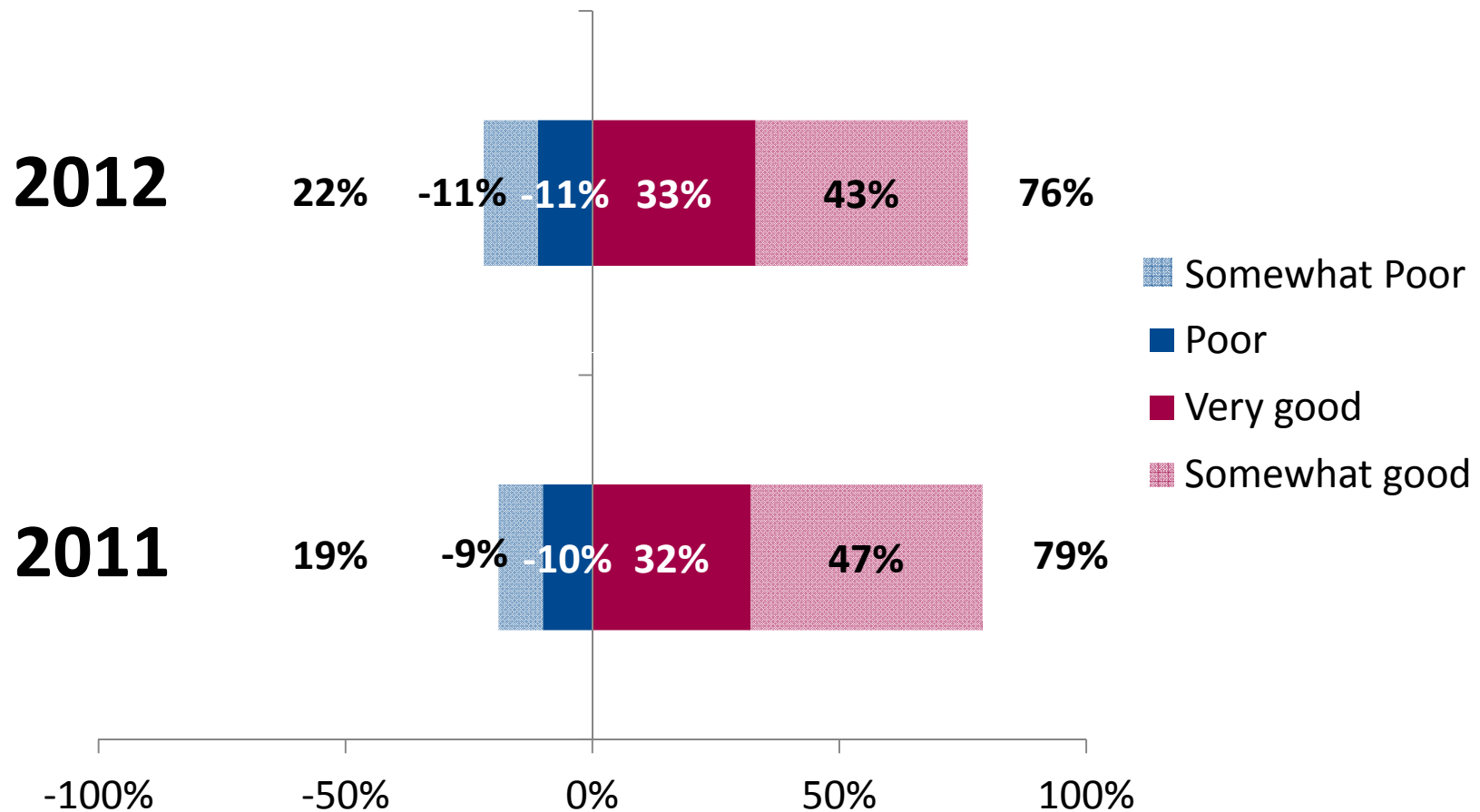
Thinking about the country as a whole, please tell me how much of a problem is each of the following – a very large problem, a large problem, a small problem, or not much of a problem at all. RANDOMIZE Q14-Q18; Q14. People not being able to afford health insurance; Q15. People not being able to find housing they can afford; Q16. People not being able to afford to go to college; Q17. People without transportation to take them where they need to go; Q18. People not having access to adequate nutrition

Changing the mortgage interest deduction

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Overall, Americans maintain broad support for the idea of the MID



As you may know, homeowners can claim a deduction on their federal income taxes for interest payments on mortgages up to one million dollars for their primary or second homes. This is called the mortgage interest deduction, which lowers income taxes for some homeowners. The amount that the mortgage interest deduction lowers a homeowner's income taxes depends on how much interest the homeowner paid over the year and the homeowner's tax bracket. Overall, do you think the mortgage interest deduction, as it is now, is a very good idea, somewhat good, not very good, or poor idea?

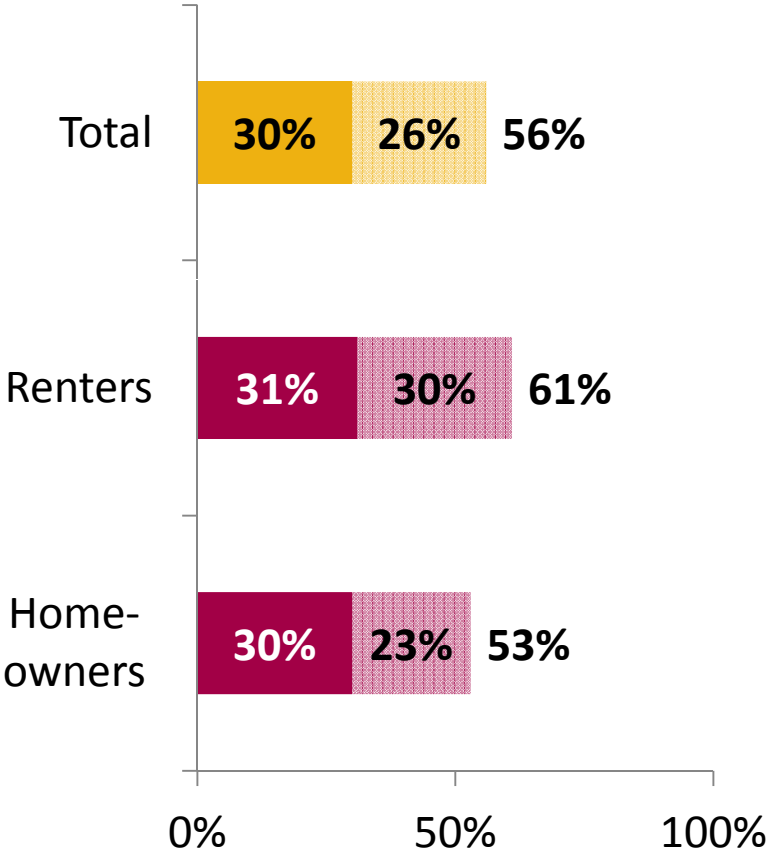
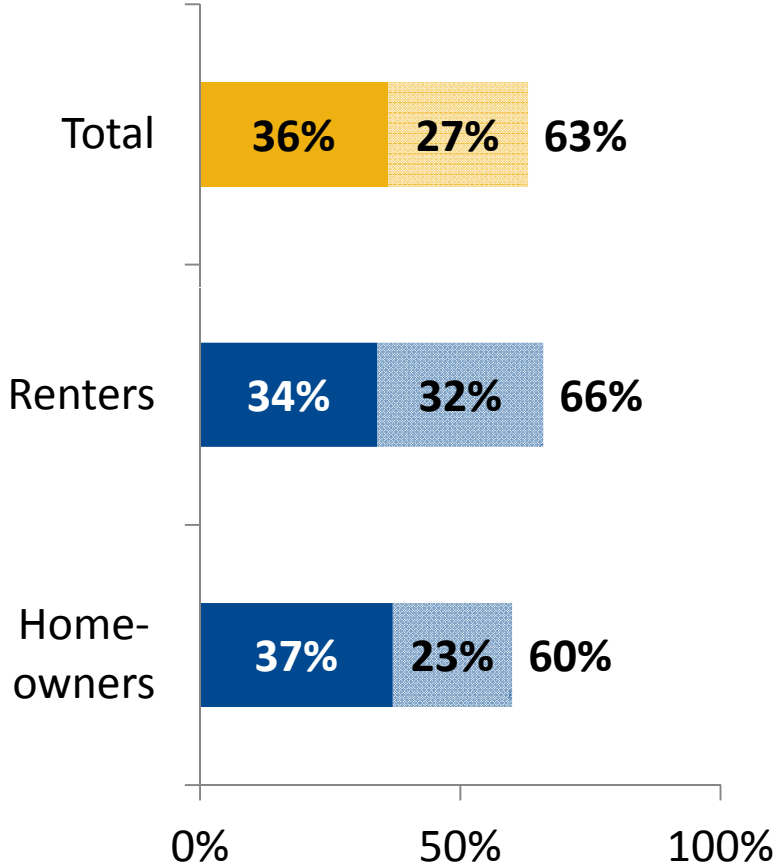
MID modifications are popular

Cap the max mortgage at \$500K

Replace with flat tax credit

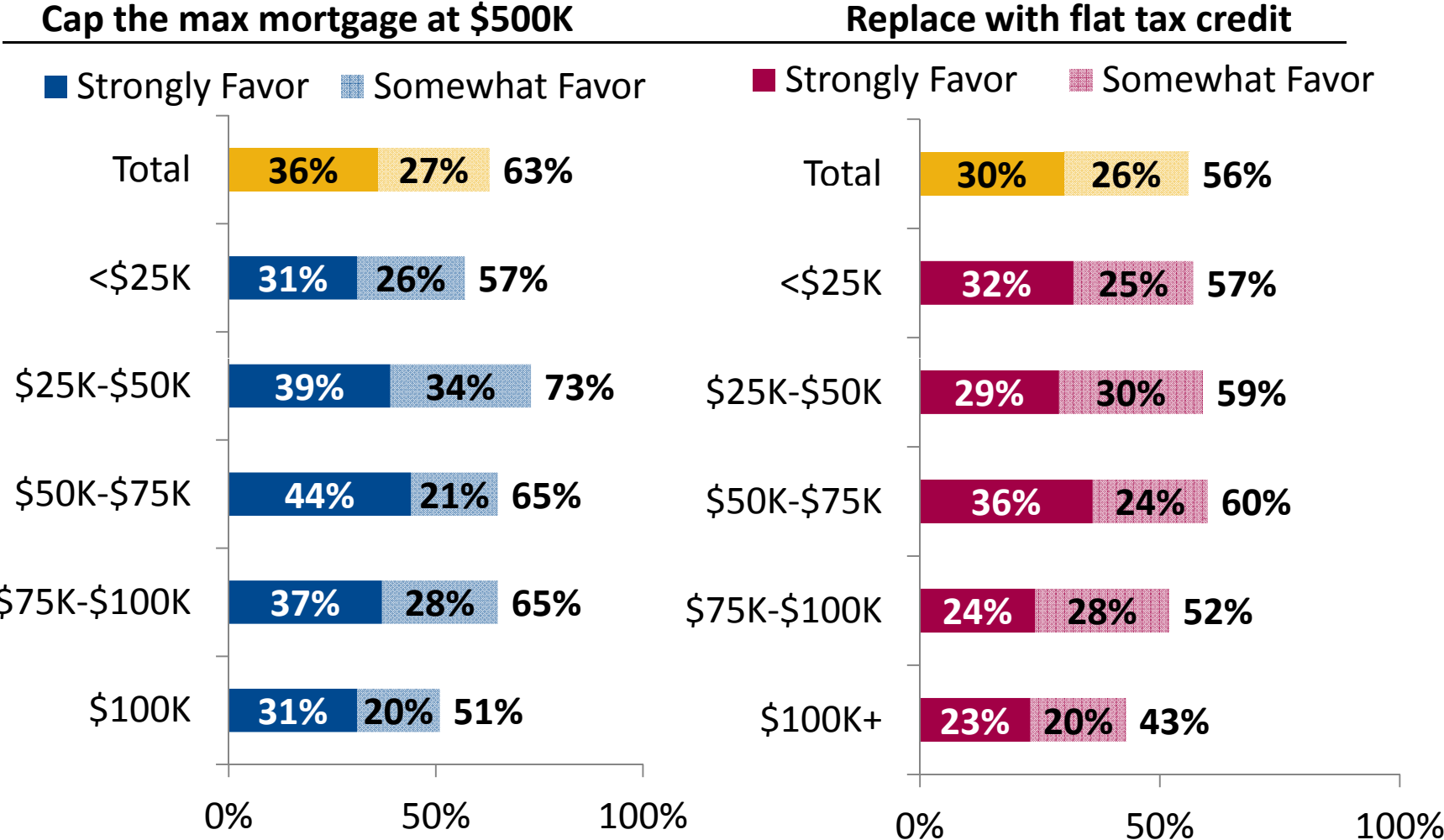
■ Strongly Favor ■ Somewhat Favor

■ Strongly Favor ■ Somewhat Favor



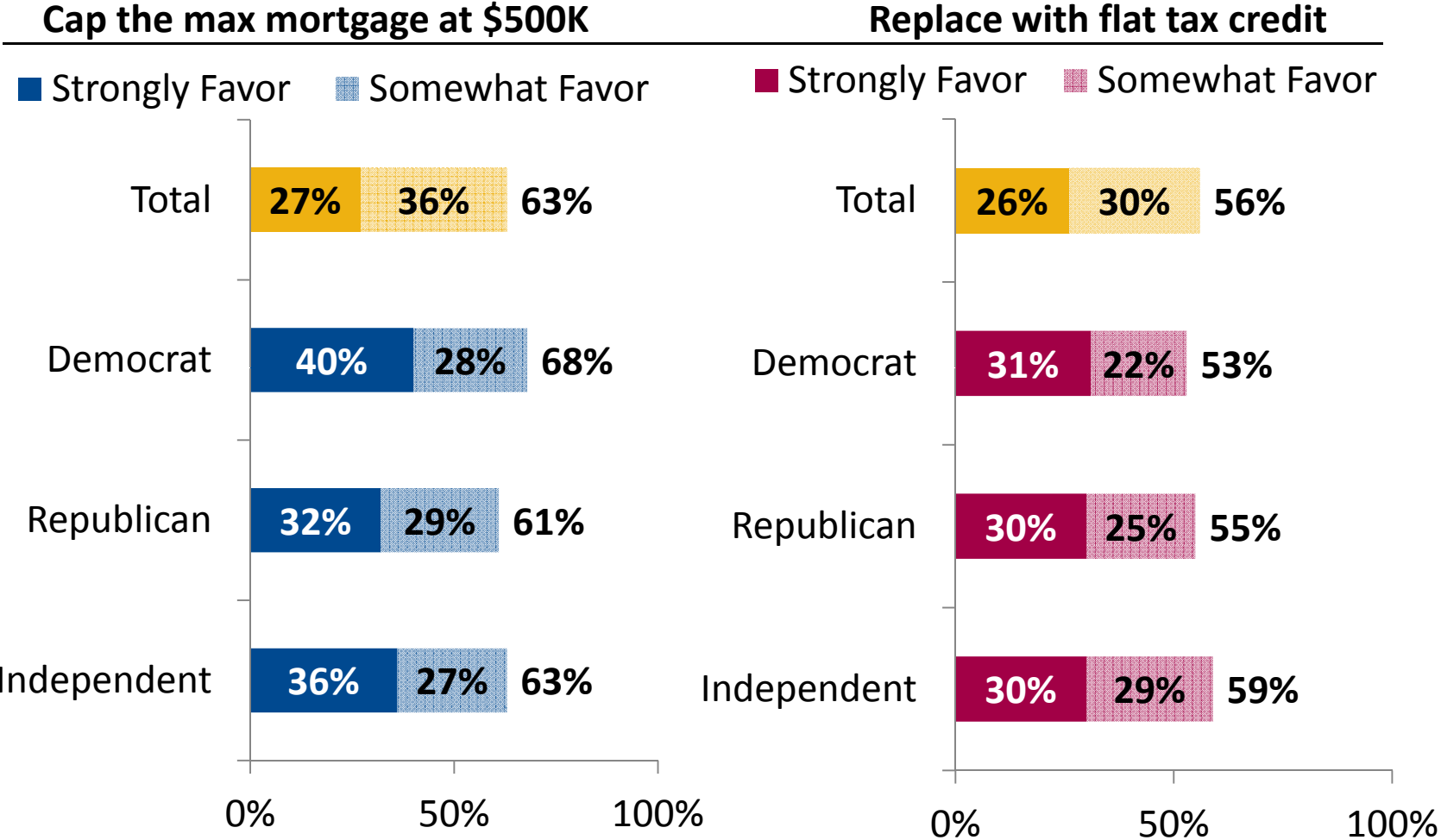
Now I'm going to read you some proposals people have made for changing the mortgage interest deduction. Please tell me if you favor or oppose each proposal. (WAIT FOR RESPONSE) Is that strongly or somewhat? (RANDOMIZE Q22-Q23) Q22. Cap the maximum mortgage for which someone can get a tax break at five hundred thousand dollars. Q23. Give a flat tax credit that is the same percentage for all homeowners who pay mortgage interest, rather than the deduction that now gives a higher percentage for higher income people.

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Reasons to modify the MID

■ % saying "very good"

The government should stop subsidizing million dollar houses and use the money it saves in ways that help low and middle-income people



First Tier

These changes would cut taxes for most low and moderate income homeowners with mortgages, putting more money in their pockets and helping the economy

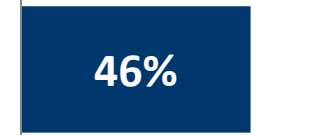


These changes would save the federal government between \$20 billion and \$40 billion a year



Second Tier

Higher income homeowners will be paying their fair share, rather than getting a bigger tax break for buying more expensive things

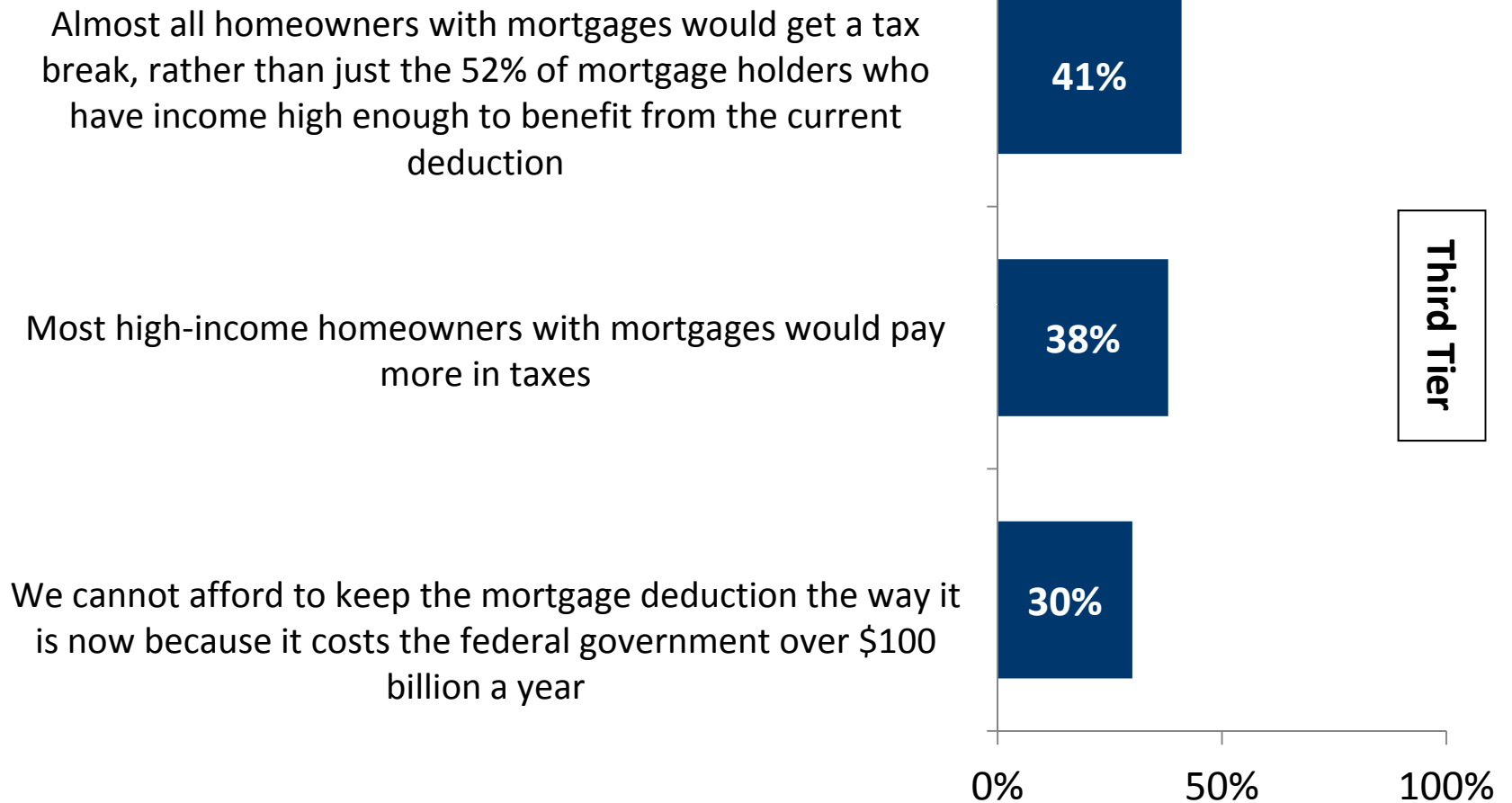


0% 50% 100%

For each, please tell me if you think this is a VERY GOOD, SOMEWHAT GOOD, NOT VERY GOOD, or POOR reason to change the mortgage interest deduction. RANDOMIZE Q24 – Q30. Q26. These changes would save the federal government would between 20 billion dollars and 40 billion dollars a year. Q27. These changes would cut taxes for most low and moderate income homeowners with mortgages, putting more money in their pockets and helping the economy. Q28. The government should stop subsidizing million dollar houses and use the money it saves in ways that help low and middle-income people. Q30. Higher income homeowners will be paying their fair share, rather than getting a bigger tax break for buying a more expensive house.

Reasons to modify the MID

■ % saying "very good"



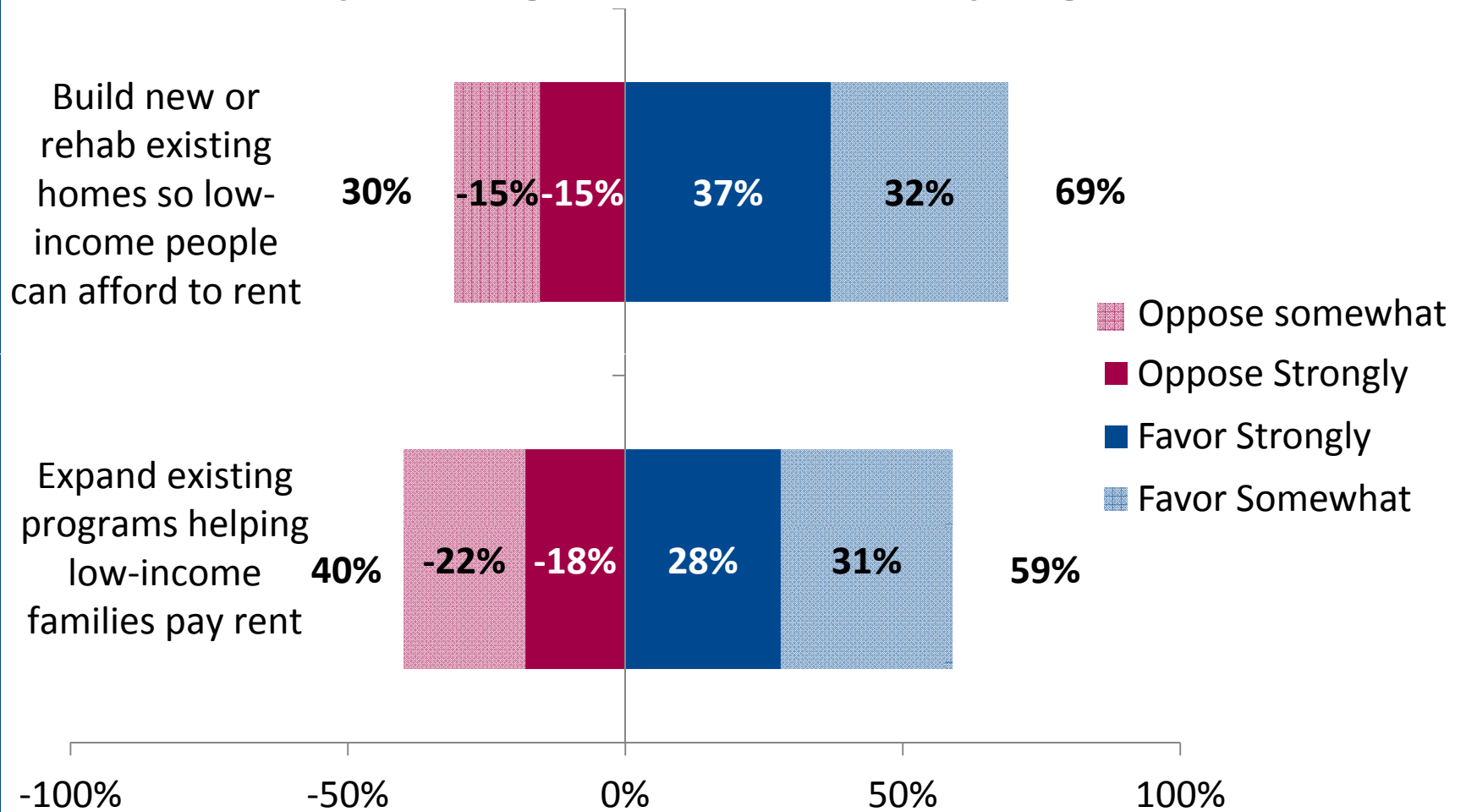
For each, please tell me if you think this is a VERY GOOD, SOMEWHAT GOOD, NOT VERY GOOD, or POOR reason to change the mortgage interest deduction. RANDOMIZE Q24 – Q30. Q24. Almost all homeowners with mortgages would get a tax break, rather than just the 52% of mortgage-holders who have incomes high enough to benefit from the current deduction. Q25. Most high-income homeowners with mortgages would pay more in taxes. Q29. We cannot afford to keep the mortgage deduction the way it is now because it costs the federal government over 100 billion dollars a year.

Funding low-income rental housing programs

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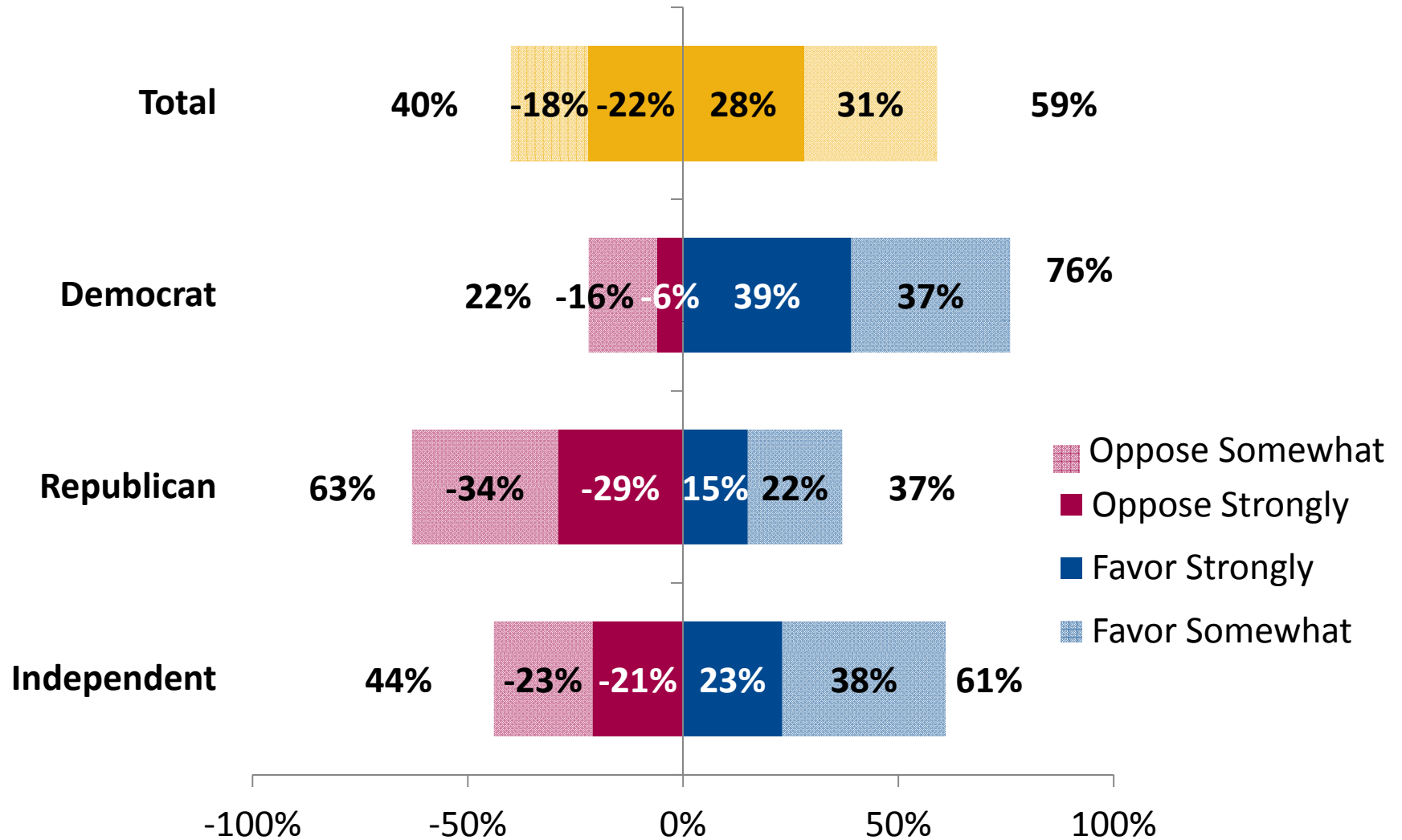


Support for building and rehabbing homes, and expanding rent assistance programs



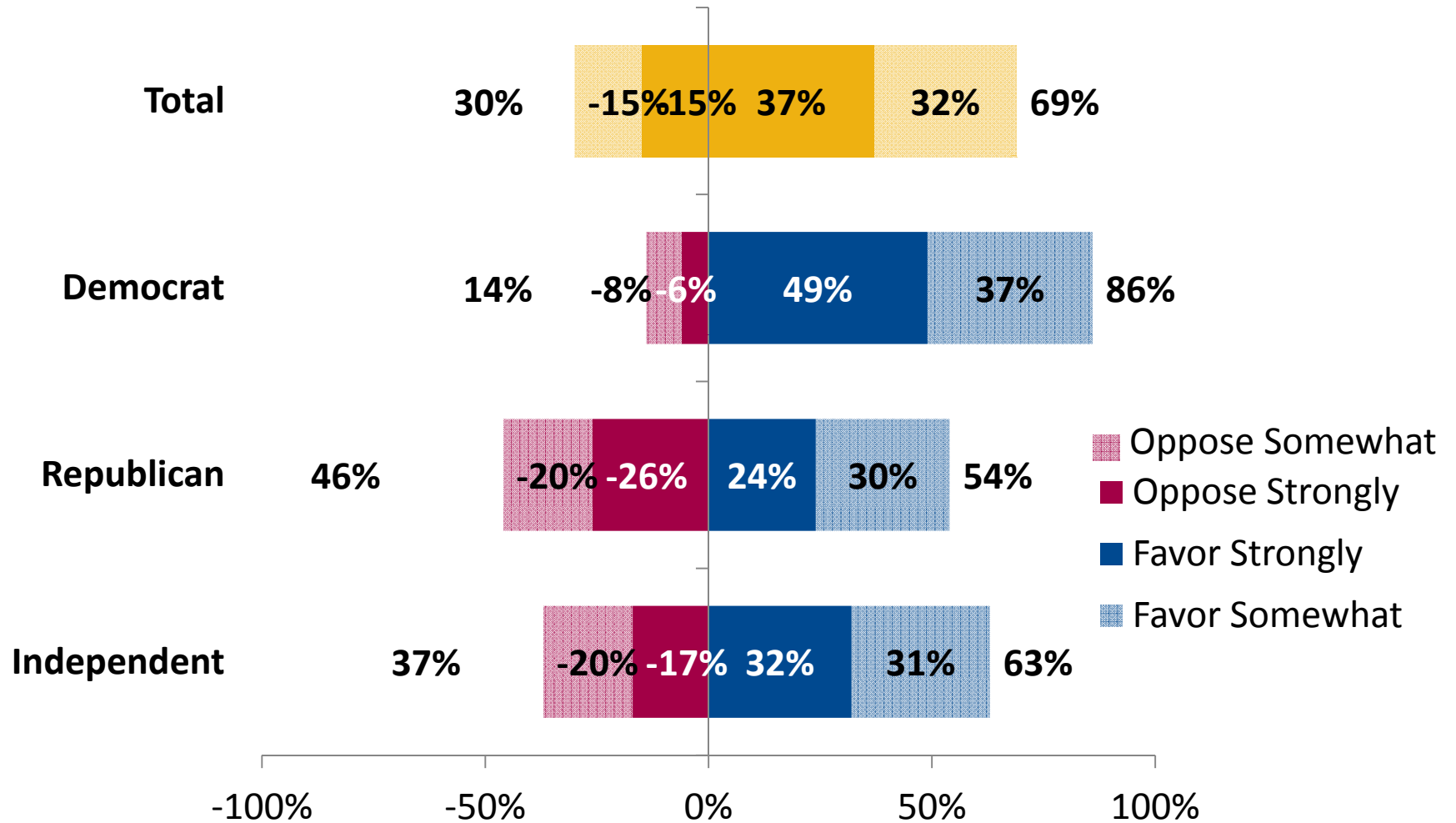
I'm going to read you some proposals people have made to address the need for affordable housing. Please tell me if you favor or oppose each proposal. (WAIT FOR RESPONSE) Is that strongly or somewhat? (RANDOMIZE Q19-20); Q19. Expand the existing federal program that helps low-income families pay their rent; Q20. Expanding a federal government program to build new or rehab existing homes that low-income people can afford to rent.

Expand the existing federal program that helps low-income families pay their rent



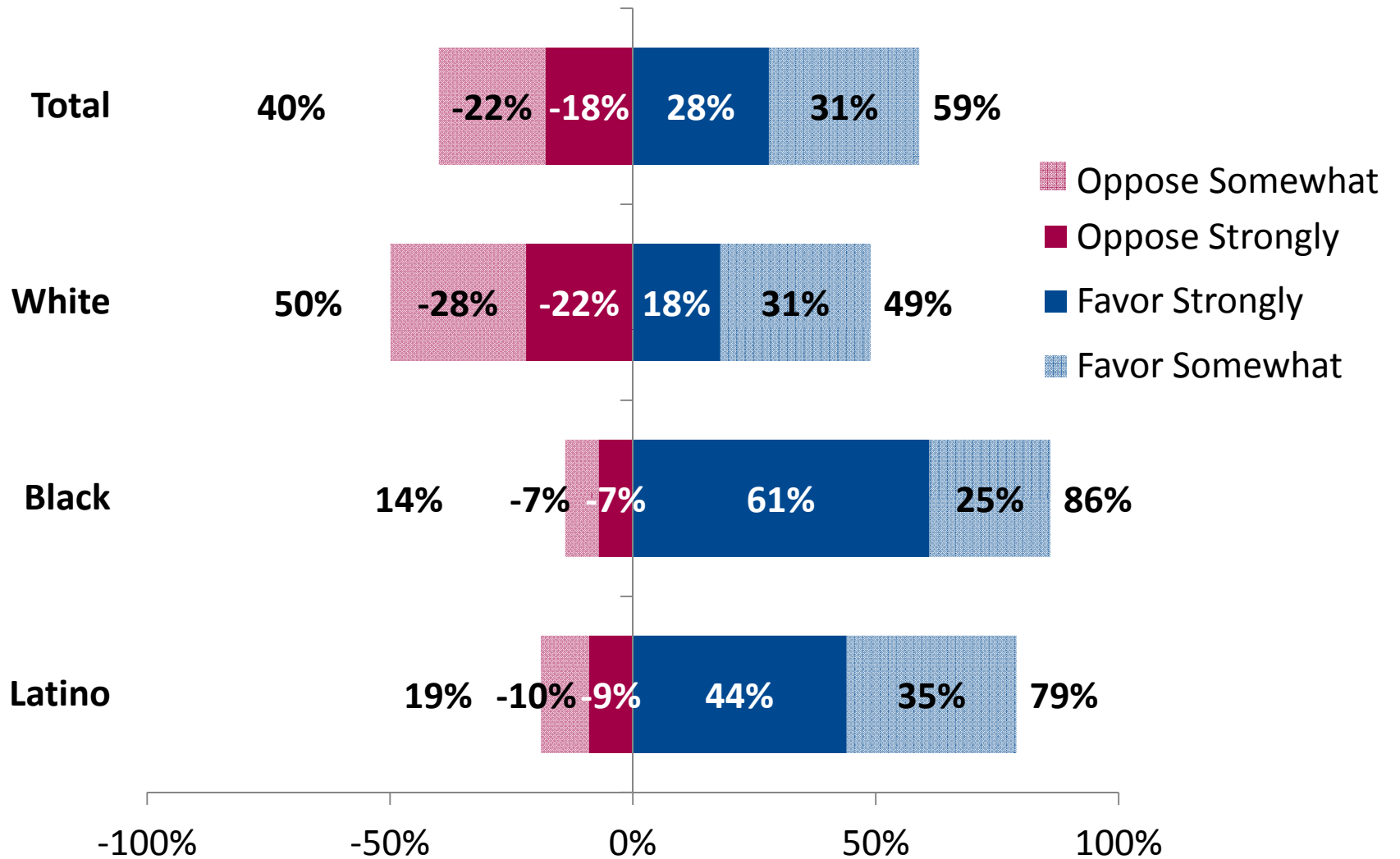
Please tell me if you favor or oppose each proposal. (WAIT FOR RESPONSE) Is that strongly or somewhat? (RANDOMIZE Q19-20); Q19. Expand the existing federal program that helps low-income families pay their rent

Build new or rehab existing homes that low-income people can afford to rent



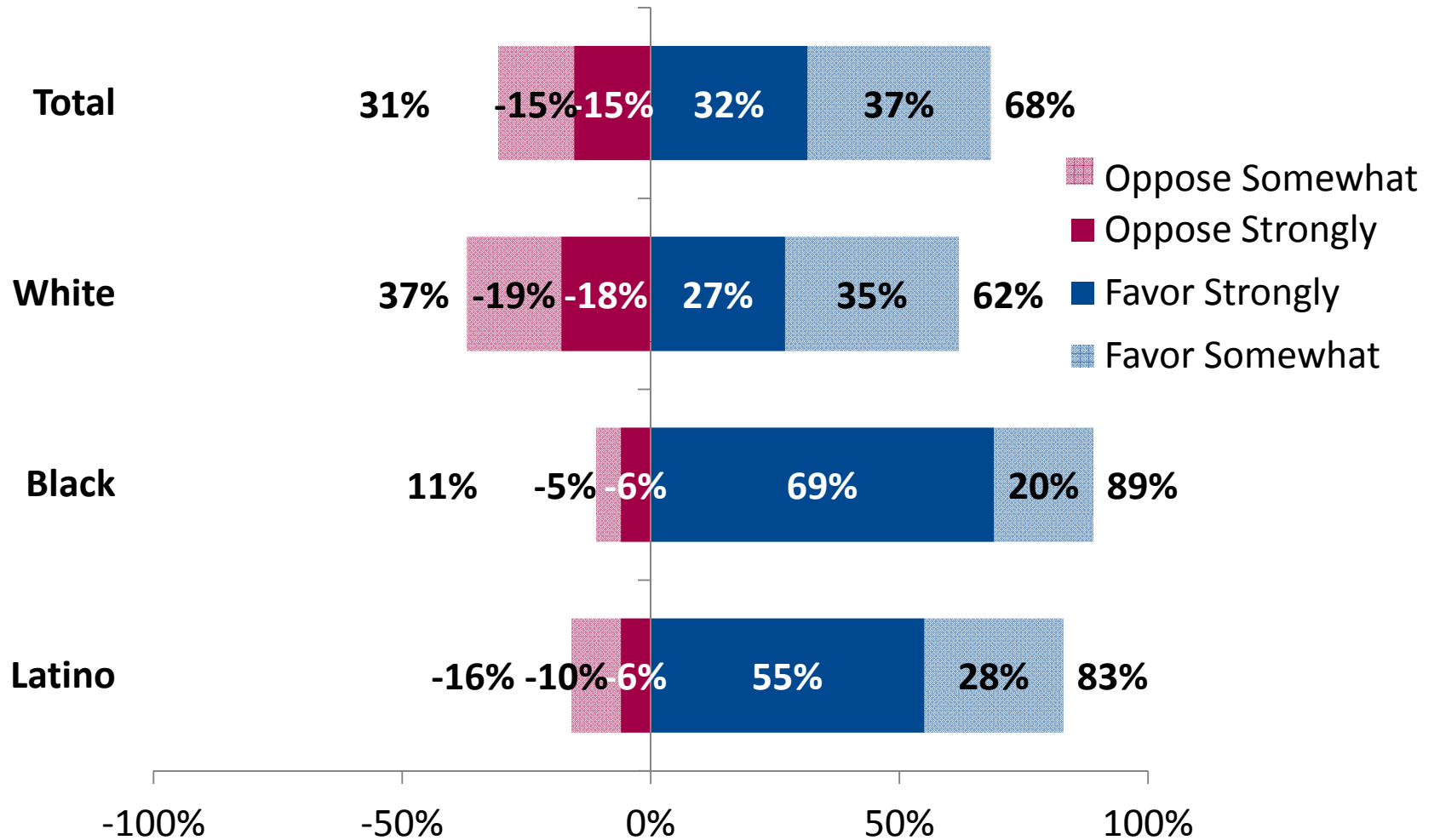
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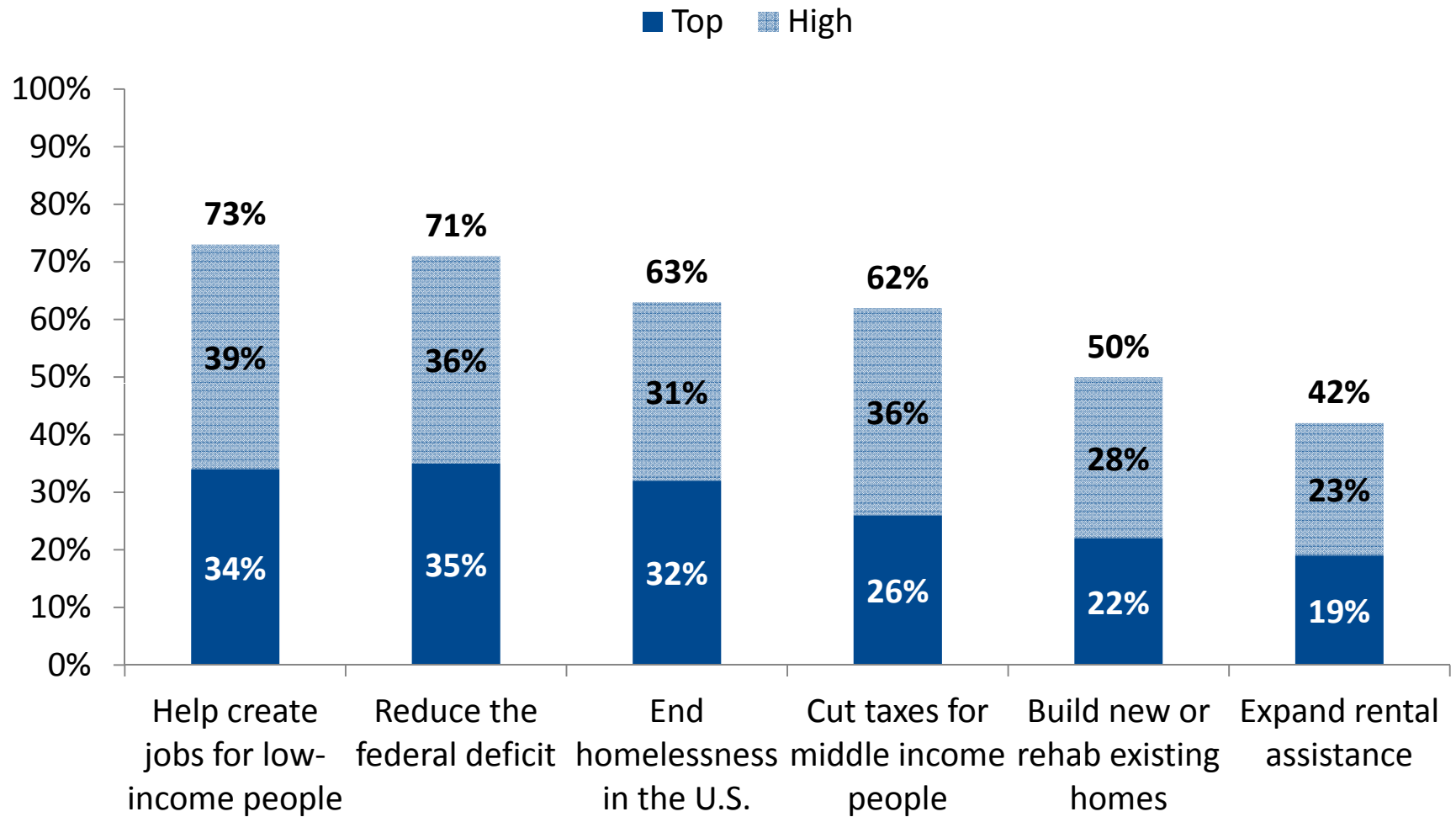
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Build new or rehab existing homes so low-income people can afford to rent



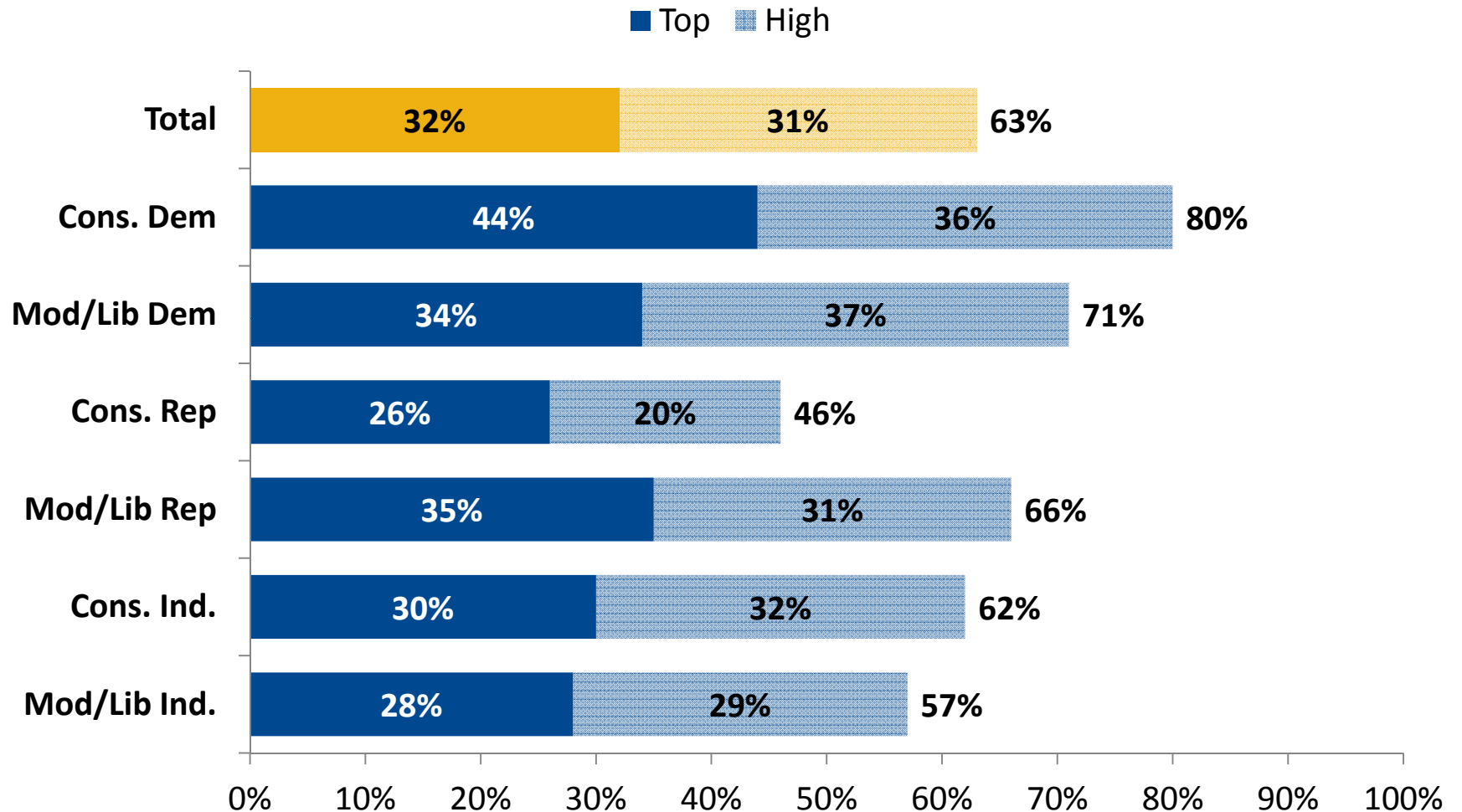
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How to spend the savings from changing the MID



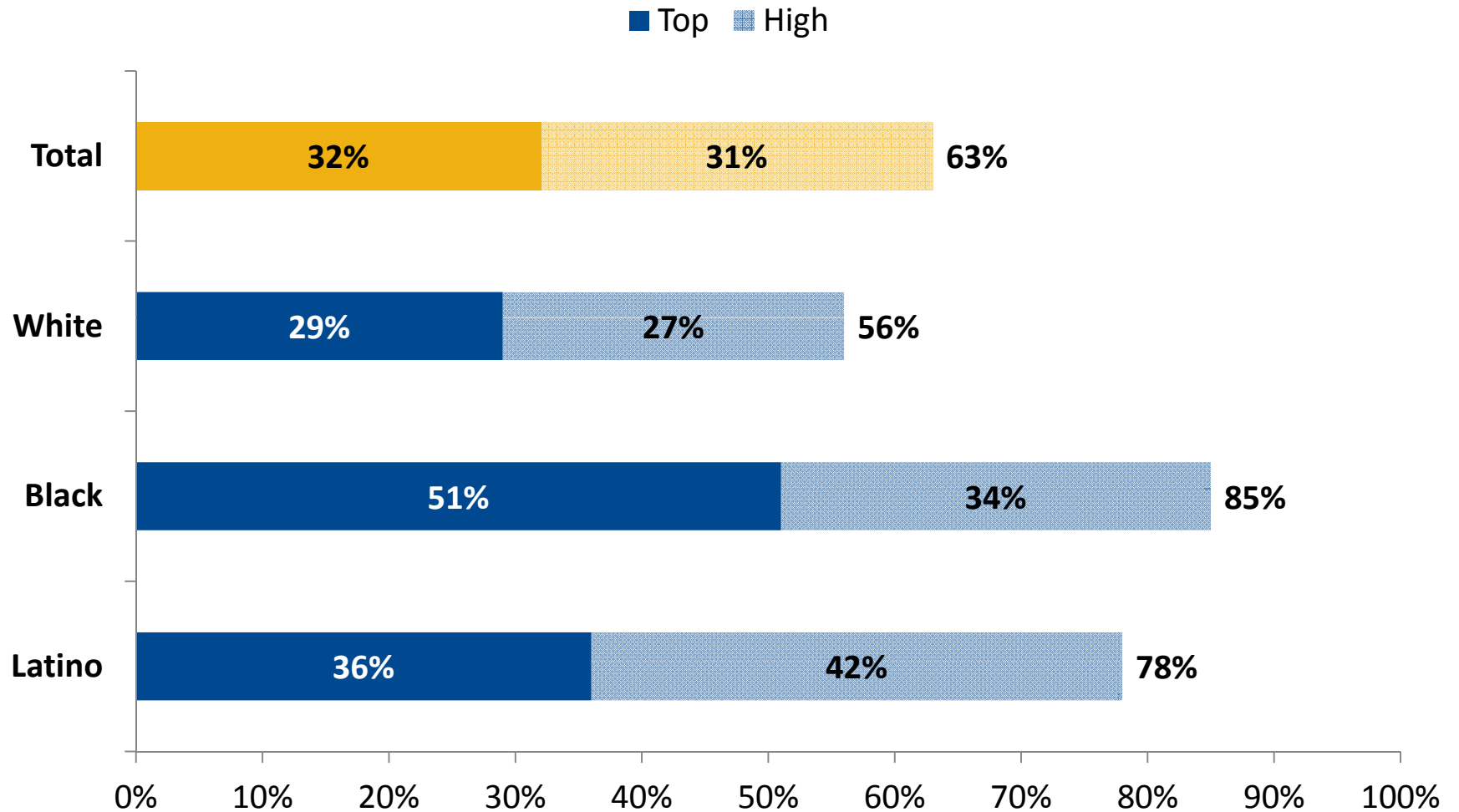
If the federal government did save between twenty billion and forty billion dollars a year by modifying the mortgage interest deduction, please indicate how high a priority each of the following would be for you personally as a way to use the money saved: top priority, high priority, middle priority, low priority or not at all a priority. RANDOMIZE Q33-38; Q33. Reduce the federal deficit; Q34. End homelessness in the United States; Q35. Cut taxes for middle income people; Q36. Expand the existing federal program that helps low-income families pay their rent; Q37. Build new or rehab existing homes that low-income people can afford to rent; Q38. Help create jobs for low-income people

Support for spending the savings from changing the MID on ending homelessness in the U.S.



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About BRS

Belden Russonello Strategists conducts public and key audience opinion research and provides research-based message development and communications consulting.

Since 1982, BRS has helped non-profits, political campaigns, news media and other clients understand the relationships between issues and motivations for action – whether it is rethinking policy, attracting new members, or changing attitudes and behavior.

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Contact Information

John Russonello

JohnRussonello@brspoll.com

1320 - 19th Street, Suite 620

Washington, DC 20036

202.822.6090



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