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# Costly, Regressive, and Ineffective: How Sensitive Is Public Support for the Mortgage Interest Deduction in the United States?

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## ABSTRACT

Although the mortgage interest deduction enjoys broad public support, critics argue that the policy disproportionately benefits wealthy households, fails to expand homeownership opportunities to households on the margins, and costs the federal government an extraordinary amount of money in foregone tax revenue. Drawing on data collected through an online experiment, this analysis tests the sensitivity of public support to these critiques. The findings reveal that support for the mortgage interest deduction declines when respondents are presented with information about the cost, effectiveness, or distribution of benefits associated with the deduction. Support among renters is more sensitive to framing effects than that among homeowners. Republicans are less sensitive to framing effects than Democrats when the deduction is framed as distributing benefits unequally, but more sensitive to these effects when the issue is framed as costly. However, all groups register their lowest level of support when told that the mortgage interest deduction is not an effective tool for expanding ownership opportunities.

## ARTICLE HISTORY

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## KEYWORDS

homeownership; tax policy; mortgage interest deduction; framing effects

American homeowners are among the most privileged beneficiaries of federal tax policy (Bourassa & Grigsby, 2000; Hanson, Brannon, & Hawley, 2014). They are exempt from paying capital gains taxes on a portion of the money earned from selling their homes and permitted to deduct state and local property taxes from their federal tax liability. However, the most popular tax benefit enjoyed by American homeowners is the mortgage interest deduction (MID). This deduction permits homeowners who itemize their taxes to deduct the interest paid on their mortgage loans. Often viewed as the anchor of federal policies to support homeownership, the MID is broadly popular across the American population.

Critics of the MID contend that the policy is costly, regressive, and ineffective. Since wealthy households are more likely to own their own home, these high-income households disproportionately reap the rewards of the MID. As a result of this unequal distribution of benefits, the deduction is poorly targeted as a tool for expanding homeownership. It does not create new opportunities for families on the margins of ownership—one of the stated goals of federal housing policies. At a cost of nearly \$70 billion annually, critics note that the revenue foregone through the deduction exceeds the entire federal budget for low-income rental housing assistance programs in the United States.

Although these critiques cast doubt on the effectiveness of the deduction as a tool for expanding ownership opportunities, the MID remains a deeply popular arm of the hidden welfare state (Howard, 1997; Mettler, 2011). Recent polling conducted on behalf of the National Association of Home Builders suggests that more than 80% of Americans support the MID—a level of agreement rarely seen for a contemporary social policy (Lopez, 2010). Notably, this support cuts

across social categories—including partisanship, political party identification, and income—that often serve as the cleavages for policy disagreements in the United States. While acknowledging broad support, critics contend that the popularity of the MID simply reflects a generalized commitment to policies associated with homeownership and a lack of understanding about the impact or effectiveness of the policy.

Against this backdrop, I ask whether support for the MID shifts when Americans are presented with additional information about the deduction. Drawing on a convenience sample recruited through the Amazon Mechanical Turk (MTurk) platform, I conduct an online experiment to investigate whether support for the policy declines when it is framed as: (a) an ineffective tool for expanding homeownership opportunities; (b) an expensive part of the federal budget; or (c) a policy that distributes benefits unequally to wealthy households. After evaluating framing effects for the complete sample of respondents in the experiment, I disaggregate the sample to test for heterogeneity by homeownership status and political party affiliation.

This article begins with a brief history of the deduction. I provide more detail on three common critiques of the MID in the first section. Next, I situate the analysis within a broader research tradition on framing effects in public opinion research. Although there is no previous research identifying framing effects in support for housing policy, I use this background to theorize how issue frames may influence support for the deduction. In the following section, I present details of the survey experiment and briefly discuss the challenges and benefits of conducting experimental research on MTurk. Then I present findings from the research, including results from subsamples of respondents disaggregated by homeownership status and political party affiliation. In the conclusion, I argue that these findings are important for ongoing efforts to reform the MID. By documenting changes in public opinion in response to information about the cost, effectiveness, and distribution of benefits, this research deepens our understanding of both the possibilities and limitations of policy reform.

## The MID: History and Critique

The MID is a popular federal tax policy that enables some homeowners to deduct their mortgage interest payments from their federal tax liability. It emerged from a provision of the original federal income tax code passed by Congress in 1913 that permitted federal taxpayers to deduct interest paid on consumer debt (Howard, 1997). However, since fewer than half of Americans owned their own homes, and fewer still held long-term mortgages on those homes, the original interest deduction was not targeted specifically at homeowners. In fact, it was not until 1986, when Congress underwent significant tax reform, that the interest paid on mortgage debt was singled out as a unique form of consumer debt meriting special treatment (McCabe, 2016; Ventry, 2010). Today, American homeowners are permitted to deduct the interest paid on mortgage loans up to \$1 million. This includes interest payments on mortgage loans to purchase both first and second homes, as well as the interest paid on home equity loans up to \$100,000.<sup>1</sup>

Critics of the MID offer three critiques of this policy. First, they point to the unequal distribution of benefits (Glaeser & Shapiro, 2003; Poterba & Sinai, 2008; Toder, Harris, & Lim, 2009). Since wealthy Americans are more likely to own their homes, they are substantially more likely to claim the benefits of the deduction. In 2017, more than 77% of households reporting an income above the national median owned their homes, compared with fewer than half of those with an income below the median (United States Census Bureau, 2017). Even among homeowners, the benefits accrue largely to high-income households because they are more likely than low- and middle-income households to itemize their deductions—a precondition for claiming the MID. Finally, since wealthy homeowners typically take out larger loans to buy their homes, their interest payments are generally larger than those paid by middle-class households. As a result, among tax filers claiming the deduction, high-income households generally claim a larger deduction than low-income households do.

The resulting distribution of benefits from the MID is striking. In 2013, the Congressional Budget Office reported that households in the top income quintile receive about 75% of the benefits from the MID (Congressional Budget Office, 2013). Even more remarkably, the top 1% of Americans get 15% of the benefits from the deduction—an unevenness that highlights the deep inequalities generated by the MID. On the other end of the distribution, the bottom 60% of American households receive less than 10% of the benefits (Dreier, 1997).

One consequence of the regressive nature of the MID is that the policy is poorly targeted to expand homeownership opportunities (Hilber & Turner, 2014; Morrow, 2012). Since the benefits of the deduction accrue overwhelmingly to high-income households who would own a home regardless of the tax benefits, the MID is an ineffective tool for reaching low- or moderate-income renters on the margins of ownership and looking to buy a home (Glaeser & Shapiro, 2003). Utilizing state-level variation in the availability of the deduction, Hanson (2012) reports that the MID does not enable renters to enter into the housing market, but instead incentivizes existing homeowners to purchase larger homes. These findings are consistent with cross-national comparisons that model tenure choices in different national policy environments (Bourassa, Haurin, Hendershott, & Hoesli, 2013; Jappelli & Pistaferri, 2007). Moreover, to the degree that it inflates the price of owner-occupied housing, the MID erects a barrier to low- and moderate-income households seeking to enter the housing market. Simulating the impact of changes to federal housing policy, Sommer and Sullivan (2017) argue that eliminating the MID would actually increase homeownership opportunities by deflating housing prices.

Finally, critics contend that the MID is excessively costly. In 2016, the federal government forewent nearly \$70 billion in revenue by permitting homeowners to deduct their interest payments (United States Department of the Treasury, 2017).<sup>2</sup> This ranks the MID as one of the costliest expenditures in the tax code. In fact, only a handful of other tax expenditures, including the deduction for charitable giving, cost the federal government more revenue each year. By 2024, the cost of the deduction is expected to rise above \$100 billion annually.<sup>3</sup> Critics of the MID often note that the revenue foregone through the policy exceeds the entire budget for low-income rental housing assistance through the Housing Choice Voucher program—the largest program to assist low-income Americans in securing stable, affordable rental housing. In fact, the federal government forgoes more revenue through the MID each year than it spends on the entire budget of the Department of Housing and Urban Development—the cabinet-level agency tasked with overseeing federal housing programs.

Despite these critiques, the deduction remains widely popular (McCabe, 2011; Streitfield & Thee-Brenan, 2011; Dietz, 2013). A 2010 poll fielded on behalf of the National Association of Home Builders finds that the supermajority of American voters support the deduction and other policies targeted at homeowners. In fact, about 70% of survey respondents report that they would view political candidates less favorably if they advocated for changes to the MID (Big Builder Staff, 2010; Lopez, 2010). Even when asked about eliminating the deduction as a way to curtail excessive government spending, the deduction retains remarkably high levels of support—a finding that holds across political parties. In 2012, a poll asking respondents whether they would support eliminating the deduction as part of a plan to reduce the budget deficit found that Americans opposed eliminating the deduction by a margin of 2 to 1 (CBS News Poll, 2012). Although this polling comes largely from interest groups working to preserve the MID, it reveals consistently high levels of support across broad swaths of the population.

## Issue Framing and Support for Social Policy

Although the MID is broadly popular, previous research has not examined whether support is sensitive to the way the policy is framed. Issue frames—in this case, as a policy that is expensive, ineffective for advancing policy goals, or unevenly distributed to favor high-income households—can shift both the level of support for a social policy and the intensity of that support (Nelson & Oxley, 1999; Nelson, Oxley, & Clawson, 1997). Although there has been no effort to understand the

impact of issue framing on support for housing policy, a large literature identifies these effects for a host of other social policy issues, including government spending (Jacoby, 2000; Rasinski, 1989), assistance to the poor (Smith, 1987), the use of nanotechnology (Cobb, 2005), and same-sex marriage (McCabe & Heerwig, 2012).

There are several ways that issue framing influences levels of public support. On one hand, issue frames may heighten emotional sensitivity or conjure specific moral ideas. Studies of social safety net programs in the United States reveal a decline in support when respondents are asked about *welfare* compared with parallel questions about *assistance to the poor*—a difference attributed to negative stereotypes about *welfare* that disappear when respondents are given a more neutral wording (Smith, 1987). Likewise, a recent study of support for same-sex marriage finds that support diminishes among older Americans when the policy is framed around *homosexual* marriage rather than *gay* (or *same-sex*) marriage (McCabe & Heerwig, 2012).

More often, issues are framed by priming survey respondents with specific information before asking them to report their support (Scheufele & Tewksbury, 2007). This type of framing may supply respondents with new information about a social policy—in this case, information about the costs or effectiveness of the MID—that shapes their assessment of it. Alternatively, priming may simply be used to heighten the recall of information already known to respondents. It may emphasize specific pieces of knowledge (over other pieces) or strengthen the memory of this information. While effective issue frames often utilize concrete facts and information, they may also rely on symbols and heuristics to shape public support (Chong & Druckman, 2007). In the case of the MID, respondents may not respond exclusively to information about the policy, but may respond also to cultural symbols, such as homeownership itself.

Finally, effective issue frames may depend on the source of information, rather than its content. Trusted sources of information—for example, the endorsement of a meaningful political organization, like the Republican Party, or a high-status social group, like doctors—can heighten the sensitivity of an issue to framing effects (Druckman, 2001a, 2001b).

## Data and Methodology

To test for the impact of issue frames on support for the MID, I present the results from an online experiment. The experiment was fielded between May 11 and May 19, 2017, on the Amazon MTurk platform. Participants were assigned to one of four surveys corresponding with either a baseline condition or one of three treatment conditions, as follows.

In the baseline survey, participants received the following question about the MID:

The mortgage interest deduction is a federal tax deduction for American homeowners. It permits some homeowners to deduct the interest they pay on their mortgages from their federal taxes. Do you support or oppose this federal tax deduction for homeowners?

They were given four response options—strongly support, support, oppose, or strongly oppose—and their responses were recoded into a dichotomous measure (support/oppose) for the analysis in this article.

In each of the three treatment groups, which I refer to as the *inequality*, *cost*, and *ineffective* frames, the baseline statement was appended with additional information about the deduction. (The appended information is italicized below to enable readers to clearly identify differences across statements, but it was not italicized in the survey instrument.) Participants in the second group received the following statement:

The mortgage interest deduction is a federal tax deduction for American homeowners. It permits some homeowners to deduct the interest they pay on their mortgages from their federal taxes. *Because high-income people are more likely to own their homes, they get most of the benefits. In fact, more than 75 percent of the benefits from the mortgage interest deduction go to households earning more than \$100,000 annually.* Do you support or oppose this federal tax deduction for homeowners?

Participants in the third group received the following statement:

The mortgage interest deduction is a federal tax deduction for American homeowners. It permits some homeowners to deduct the interest they pay on their mortgages from their federal taxes. *The deduction is one of the most expensive expenditures in the tax code. Last year, the mortgage interest deduction cost the federal government more than 70 billion dollars.* Do you support or oppose this federal tax deduction for homeowners?

Finally, participants in the fourth group received the following statement:

The mortgage interest deduction is a federal tax deduction for American homeowners. It permits some homeowners to deduct the interest they pay on their mortgages from their federal taxes. *Most economists agree that the deduction is not a good policy for getting more people to buy homes. It provides no assistance to people who want to buy a home but can't afford to do so.* Do you support or oppose this federal tax deduction for homeowners?

After responding to their group-specific question about the MID, all participants were presented with an additional set of identical questions. These questions capture basic demographic information about respondents, including their family income, level of education, and age. They also include information about their political party affiliation. After being prompted to report their homeownership status, homeowners were asked whether they currently held a mortgage on their home and renters were asked whether they expected to buy a home in the next 3 years.

In total, 1,645 respondents were recruited through the Amazon MTurk platform to answer the 12-question survey.<sup>4</sup> MTurk is an online marketplace where individuals (or companies) recruit participants—known as workers—to complete a *human intelligence task* (HIT). Workers are provided monetary compensation upon completion of the assigned task. To recruit workers for this study, I created a HIT identifying the task as a brief survey about housing policy in the United States. I only allowed workers living in the United States to participate in the research. Each worker who agreed to complete the HIT was provided with a link to one of the four surveys—either a survey with the baseline condition or a survey with one of the three treatment conditions, as noted above. Upon completion of the survey, each worker was paid \$0.25.

In [Table 1](#), I report descriptive statistics for the entire MTurk sample followed by the statistics for each subgroup of workers categorized by condition assignment.<sup>5</sup> In the full sample, 42% of respondents identified as Democrats and only one quarter identified as Republicans. The modal education category was respondents with a bachelor's degree. Forty-six percent of respondents hold a bachelor's degree whereas only 23% hold a high school degree or less. More than 75% of respondents were under the age of 40, and women comprised less than 45% of the sample. About 55% of respondents own their own homes. Among homeowners, nearly 70% hold a mortgage on their homes. Among renters, about 57% expected to make this transition into homeownership in the next 3 years.

MTurk offers a convenient, low-cost platform to conduct experimental research (Bohannon, 2011). In fact, since the subject recruitment costs are substantially lower than those of other survey platforms, MTurk has generated exciting new opportunities for social scientists to collect data on a convenience sample, test hypotheses, and build theories about the social world (Bohannon, 2016). However, samples drawn from MTurk are descriptively unrepresentative of the American population (Berinsky, Huber, & Lenz, 2012; Mutz, 2011). Compared with samples drawn using more conventional sampling techniques, the MTurk sample is younger, more heavily male, more likely to lean Democrat, and less likely to own a home (Levay, Freese, & Druckman, 2016). These types of sample selection issues plague most online platforms, where samples also tend to include a disproportionate share of childless households or people living alone (Kennedy et al. 2016). Since these platforms systematically underrecruit certain segments of the population, including older respondents and high-income households, the sample recruited through MTurk is inadequate for generating unweighted population estimates.

**Table 1.** Descriptive statistics (proportion of respondents) from the Mechanical Turk sample, by treatment condition.

	Total	Baseline	Inequality	Cost	Ineffective
<b>Party:</b>					
Democrat	0.418	0.442	0.437	0.375*	0.411
Independent/Other	0.336	0.331	0.331	0.372	0.308
Republican	0.247	0.227	0.232	0.253	0.281
<b>Income:</b>					
Less than \$15,000	0.158	0.123	0.151	0.199*	0.167
\$15,000 to \$29,999	0.212	0.208	0.190	0.263	0.188
\$30,000 to 49,999	0.244	0.236	0.257	0.230	0.255
\$50,000 to \$74,999	0.207	0.246	0.220	0.163*	0.188*
≥\$75,000 or more	0.179	0.187	0.183	0.145	0.202
<b>Education:</b>					
High school or less	0.225	0.253	0.244	0.184*	0.212
Associate's degree	0.144	0.163	0.153	0.102*	0.154
Bachelor's degree	0.464	0.450	0.444	0.505	0.462
Master's or professional degree	0.167	0.134	0.158	0.209*	0.172
<b>Age:</b>					
18–29	0.384	0.376	0.368	0.416	0.379
30–39	0.370	0.363	0.358	0.383	0.377
40–49	0.131	0.151	0.146	0.120	0.103*
50–59	0.080	0.085	0.091	0.049*	0.093
60+	0.035	0.026	0.037	0.033	0.048
Female	0.446	0.435	0.457	0.401	0.493
Homeownership	0.545	0.512	0.541	0.564	0.570
Holds a mortgage	0.692	0.627	0.680	0.747*	0.721
Expects to buy	0.568	0.526	0.597	0.637*	0.512
Sample size ( <i>n</i> )	1,645	471	405	392	377

Note. The questions about a mortgage (*holds a mortgage*) was asked only of homeowners so the descriptive statistics are reported only for homeowners. The question about buying expectations (*expects to buy*) was asked only of renters so the descriptive statistics are reported only for renters. Respondents were also asked several questions not used in the analysis, including their political ideology, their overall support for policies that support homeownership, and their general interest in public policy issues. Additionally, homeowners were asked about the value of their home.

\*An asterisk identifies differences between the treatment group and the baseline group that are statistically significant (\*  $p < .05$ ).

Despite these limitations, there is a growing consensus across the social sciences that recruitment through MTurk is preferable to other types of convenience samples, including those drawn from college students or other online survey platforms (Berinsky et al., 2012). Recent efforts to replicate findings from population-based survey experiments reveal substantively similar findings when these experiments are conducted on samples drawn from MTurk (Buhrmester, Kwang, & Gosling, 2011; Clifford, Jewell, & Waggoner, 2015; Levay et al., 2016; Mullinix, Leeper, Druckman, & Freese, 2015). For example, Berinsky et al. (2012) replicate three experimental studies using subjects recruited through MTurk. They report that their findings are “highly similar to those found in published research,” thereby validating the platform for experimental social research (Berinsky et al., 2012, pp. 361–362). After comparing treatment effects from 20 surveys conducted both on MTurk and on a probability-based sample, Mullinix et al. (2015) affirm the utility of this web-based survey platform as a tool for experimental social science.

These replication studies have led a growing number of social scientists to utilize MTurk as a tool for conducting experimental research and generating theoretical insights (Bohannon, 2011; Paolacci & Chandler, 2014). Recent experimental studies test theories about social trust (McCright, Dentzman, Charters, & Dietz 2013; Robbins, 2016), racial classification (Garcia & Abascal, 2016), welfare state spending preferences (Campbell & Gaddis, 2017), and stigmatization (Brochu, Pearl, Puhl, & Bronwell, 2014). For example, Garcia and Abascal (2016) evaluate whether skin color assessments are impacted by other markers of racial status, such as an individual's name. McCright et al. (2013) utilize MTurk to identify partisan differences in self-reported trust of

environmental scientists. Although these studies evaluate many social policy issues, the platform has not previously been used to understand public attitudes toward housing and homeownership.

In this study, I draw on a sample of respondents recruited through MTurk to test whether support for the MID declines when respondents are presented with information about the cost, effectiveness, or distribution of benefits. To do so, I conduct a series of difference-in-proportions tests that compare the proportion of respondents supporting the MID when presented with the baseline condition with the proportion supporting the MID when given information about the cost, effectiveness, or distribution of benefits. After conducting the analysis on the full sample of respondents, I test for *within-group* framing effects by singling out a particular subgroup and conducting a parallel set of tests. For example, limiting the analysis only to respondents who self-identified as Democrats, I test whether the proportion of respondents supporting the deduction is lower in the group presented with the inequality (or costly or ineffective) condition compared with the group presented with the baseline condition. These *within-group* differences can be read down a single column in [Table 2](#). Significant differences at the  $p < .05$  level are identified with an asterisk (\*).

Next, I test for *within-condition* effects by comparing multiple subgroups presented with the same framing condition. For example, limiting the sample to respondents presented with information about the cost of the deduction, I test whether support for the MID differs by political party identification. This analysis reveals whether the proportion of Republicans (or Independents) supporting the deduction is greater (or less) than the proportion of Democrats supporting the MID when both groups are presented with the statement about its costs. Similarly, I test whether the proportion of homeowners supporting the MID differs from the proportion of renters supporting it when both groups are presented with the same framing condition. These *within-condition* effects are read across the rows in [Table 2](#). Significant differences at the  $p < .05$  level are indicated with a caret (^).

These tests by partisan identification and homeownership status offer important insight for housing policy scholars interested in the possibilities for policy reform. Homeowners—and particularly those with a mortgage on their homes—are likely to be more invested in maintaining existing tax policies for homeownership, including the MID. I therefore expect their support to be less sensitive to framing effects than that of renters. Likewise, among renters, those expecting to buy a home in the future should be more invested in maintaining homeowners' tax benefits, and therefore less sensitive to issue frames, than renters who do not expect to transition into ownership. Disaggregated by political party, I would expect respondents who self-identify as Republicans to be more sensitive to framing effects when the MID is framed around traditional Republican concerns—in this case, the cost of federal social policy. Self-identified Democrats, on the other hand, should be more sensitive to framing effects when the MID is framed around an issue salient to their own party—in this case, the relationship between federal policy and social inequality. While these tests offer theoretical insight on the relationship among partisanship, homeownership investments, and social policy, they may also offer a pathway forward for practitioners working to reform tax policy.

## Findings

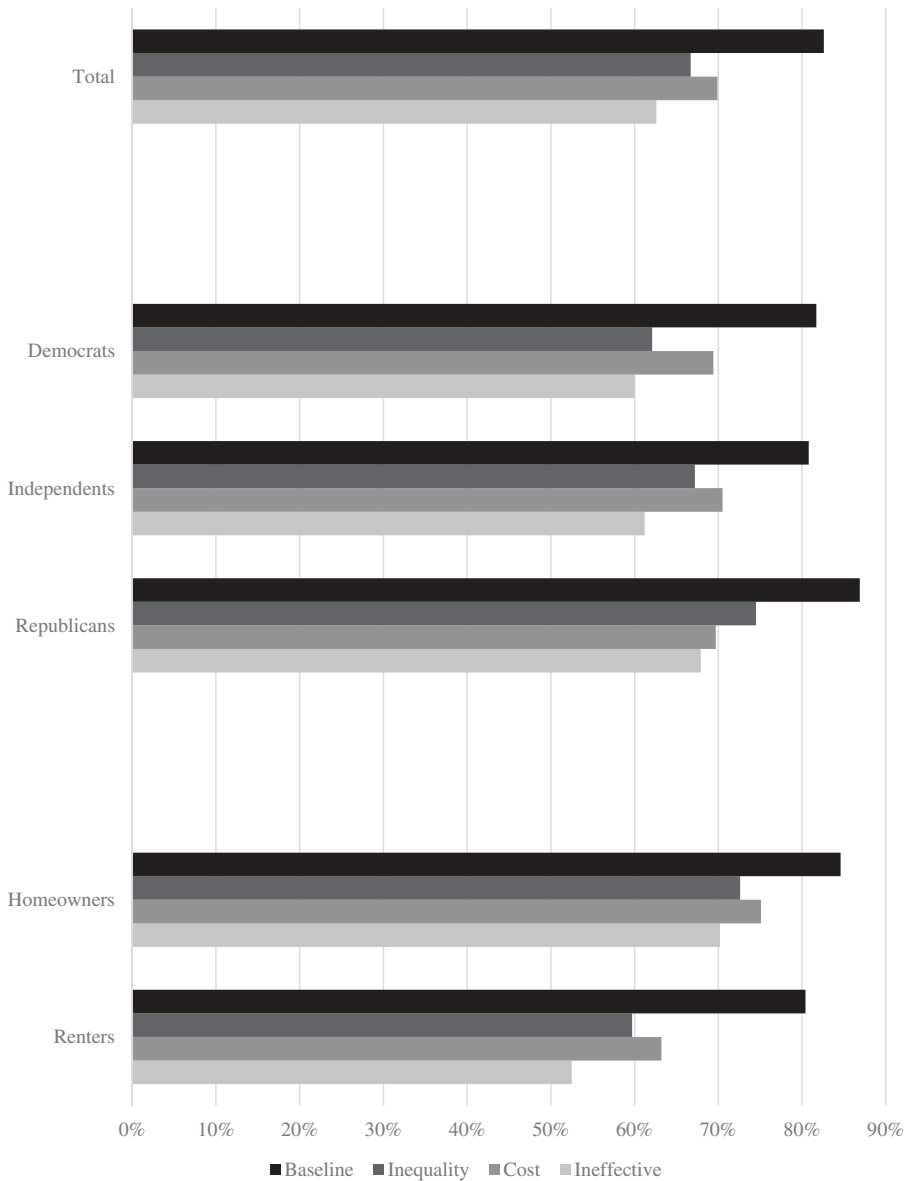
In the full sample of respondents, support for the MID differs significantly across framing conditions. Overall, 82.6% of respondents support the MID when it is framed neutrally in the baseline condition. However, support for the deduction fell substantially when the policy was framed as costly, ineffective, or unequal. Almost 70% of respondents supported the deduction when presented with information about its costs. Support fell to 66.7% when respondents were given information about the unequal distribution of benefits. When respondents were told about the ineffectiveness of the deduction, support declined to 62.6%. These results are reported in column 1 of [Table 2](#). Notably, each of these differences between the treatment groups and the baseline group is statistically significant. In [Figure 1](#), I graph these differences across framing conditions.



**Table 2.** Proportion of the Mechanical Turk sample expressing support for the mortgage interest deduction, by framing condition.

	Political identification				Homeownership status					
	(1) Total	(2) Democrats	(3) Independents	(4) Republicans	(5) Homeowner	(6) Renter	(7) Homeowner: Mortgage	(8) Homeowner: No mortgage	(9) Renter: Intends to buy	(10) Renter: Does not intend to buy
Condition	0.826	0.817	0.808	0.869	0.846	0.804	0.834	0.867	0.825	0.763
Baseline										
Treatment:										
Inequality	0.667*	0.621*	0.672*	0.745*^	0.726*	0.597*^	0.772	0.629*^	0.730	0.400*^
Cost	0.699*	0.694*	0.705*	0.697*	0.751*	0.632*^	0.770	0.696*	0.651*	0.597*
Ineffective	0.626*	0.600*	0.612*	0.679*	0.702*	0.525*^	0.729*	0.633*	0.602*	0.443*^
Observations (n)	1,645	687	552	406	896	749	620	276	406	309

\*p < .05, within-group differences (read down the columns). Support in each treatment condition is compared with support in the baseline condition. ^p < .05, within-condition differences (read across the rows). The comparison groups are Democrats (for Independents and Republicans), homeowners (for renters), homeowners with a mortgage (for homeowners without a mortgage), and renters intending to buy (for renters not intending to buy).



**Figure 1.** Within-group differences in support for the mortgage interest deduction, by homeownership status and political party identification.

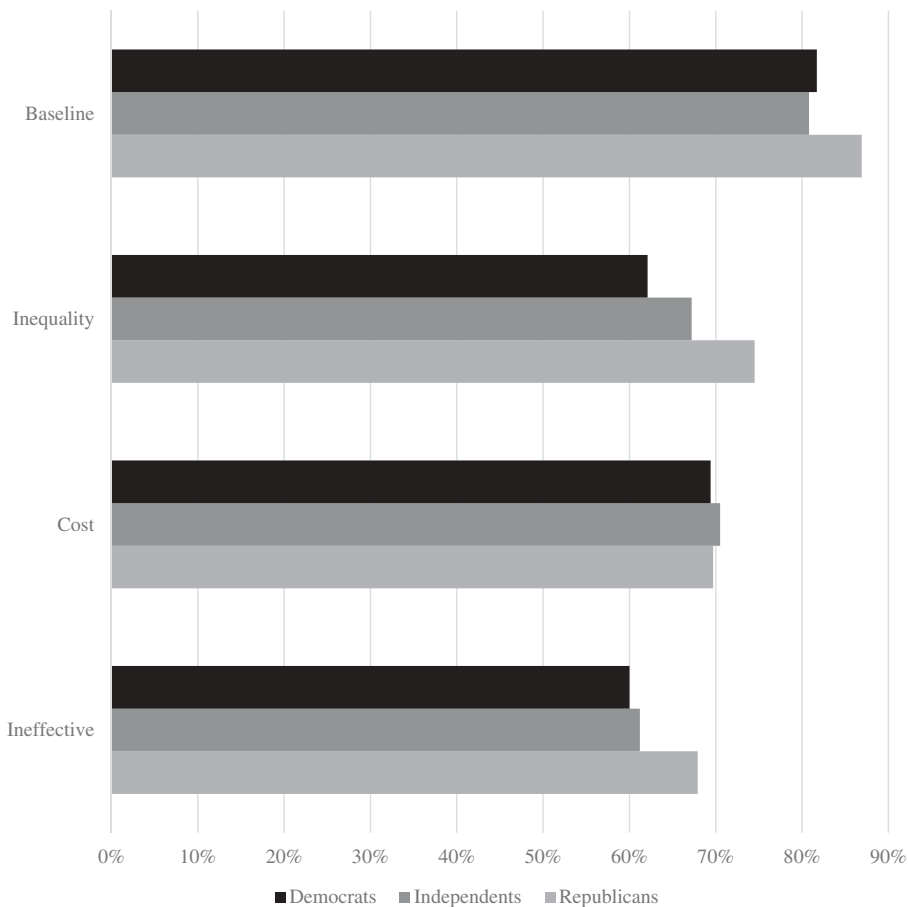
### **Political Party Identification**

I begin by testing for *within-group* differences by political party identification. Separate analyses of Democrats, Republicans, and Independents are reported down columns 2–4 in Table 2. When the deduction is framed around issues of inequality, support among Democrats falls by nearly 20 percentage points—from 81.7% to 62.1% of respondents (see Table 2, column 2). For Independents (column 3) and Republicans (column 4), support declines by 12–13 percentage points in this condition. When framed around the cost of the deduction, support among Republicans declines by 17 percentage points—from 86.9% to 69.7%. Among Democrats and Independents, support falls by 10–12 percentage points in this condition. This suggests that Republican support for the

MID is more sensitive to cost issues, whereas Democratic support for the MID is more sensitive to inequality issues.

However, for Republicans, Democrats, and Independents, support for the deduction is *most sensitive* to the frame about its effectiveness. Support among each of the three groups declines by 19–22 percentage points when the MID is framed as an ineffective tool for promoting homeownership. These *within-group* differences by political party are graphed in [Figure 1](#).

Next, I test for *within-condition* differences between Republicans, Independents, and Democrats. These differences, which can be read across the rows in [Table 2](#), are graphed in [Figure 2](#). Notably, I find no significant differences between Independents and Democrats for any of the framing conditions. Although support is slightly higher among Independents than Democrats in each of the treatment conditions, these small gaps are not statistically significant. However, the results are more nuanced when I investigate differences between Democrats and Republicans. In the baseline condition, 86.9% of Republicans support the deduction compared with 81.7% of Democrats—a gap of 5 percentage points. Although Republicans are slightly more supportive of the deduction, the difference is not statistically significant. When the deduction was framed as a costly piece of the tax code, the gap between Democrats and Republicans shrinks to nearly zero—about 69.4% of Democrats and 69.7% of Republicans support the policy. On the other hand, the gap between Democrats and Republicans widens to more than 12 percentage points when the deduction is framed as a regressive policy that primarily benefits the wealthy. Under this inequality condition,



**Figure 2.** Within-condition differences in support for the mortgage interest deduction, by political party identification.

74.5% of Republicans support the MID compared with only 62.1% of Democrats. This gap is statistically significant, as noted in [Table 2](#). When the deduction is presented as an ineffective tool for expanding ownership opportunities, support declines to the lowest level for both groups, but the 8-point gap by political party identification fails to reach statistical significance.

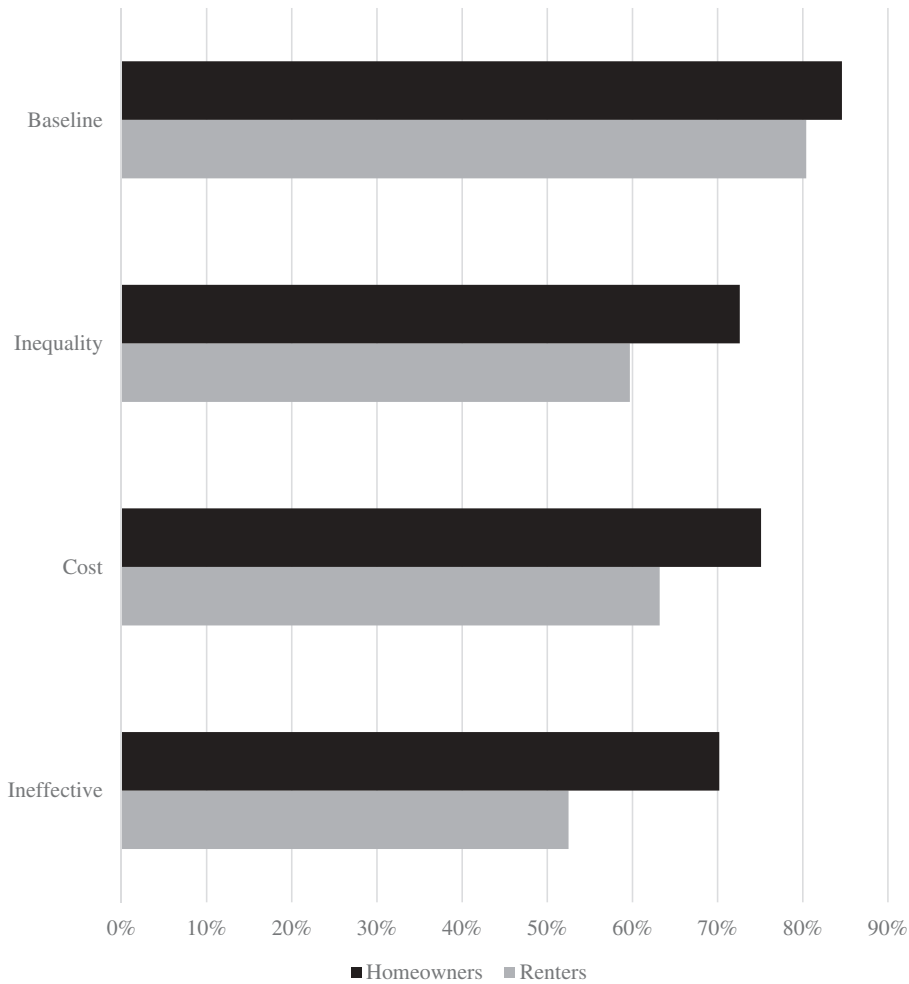
### Homeownership Status

In columns 5 and 6 of [Table 2](#), I compare within-group differences for homeowners and renters. Compared with the baseline condition, support declines among both homeowners and renters when the MID is framed as a regressive, ineffective, or costly social policy. Among homeowners, support drops from 84.6% in the baseline condition to 72.6% when the policy is framed as distributing benefits unequally. Among renters, support falls from 80.4% in the baseline condition to 59.7% when the policy is framed this way. When presented as a costly social policy, support drops by nearly 10 percentage points among homeowners and 17 points among renters. Finally, when framed as an ineffective tool for expanding ownership opportunities, support for the MID falls to 70.2% for homeowners—a decline in support of more than 14 percentage points. Among renters, the decline is even more stark. Only 52.5% of renters support the MID when it is framed as an ineffective tool to promote homeownership—a dramatic decline of nearly 28 percentage points. Notably, while support for the MID declines among both homeowners and renters in each of the framing conditions, the effects are substantially larger for renters. These *within-group* comparisons are graphed in [Figure 1](#).

Next, I test for *within-condition* differences by comparing across the rows in [Table 2](#). In the baseline condition, I find that homeowners are slightly more supportive of the deduction than renters, but this gap between owners and renters—84.6% of homeowners compared with 80.4% of renters—is not statistically significant. However, when I examine *within-condition* differences for each of the treatment conditions, I find substantially wider gaps. Framed as a social policy that disproportionately benefits the wealthy, the gap between owners and renters widens to 13 percentage points—72.6% of owners support the MID compared with just 59.7% of renters. Framed as a costly part of the tax code, the gap widens to 12 percentage points. Under this condition, 75.1% of owners support the MID compared with just 63.2% of renters. And, when the MID is billed as an ineffective tool for promoting homeownership, the gap widens to more than 17 percentage points. More than 70% of owners support the MID when presented with information about its effectiveness compared with only 52.5% of renters. Each of these *within-condition* differences by homeownership status is statistically significant. I graph these differences in [Figure 3](#).

Extending these comparisons between homeowners and renters, I next evaluate two subgroups of homeowners—those with a mortgage and those without a mortgage (see [Table 2](#), columns 7 and 8)—and two subgroup of renters—those who expect to buy a home in the next three years and those who do not (columns 9 and 10). In this analysis, I focus on *within-condition* differences by reading across the rows in [Table 2](#). In the baseline condition, 86.7% of owners without a mortgage support the deduction compared with 83.4% of owners with a mortgage. This gap is not statistically significant. The gap widens under each of the framing conditions—to 14 points when framed as unequal, 7 points when framed as costly, and 10 points when framed as ineffective. However, only under the inequality condition does the gap between mortgaged and nonmortgaged homeowners reach statistical significance. Presented with information about the unequal distribution of benefits, 77.2% of homeowners with a mortgage support the deduction compared with only 62.9% of those without a mortgage.

In columns 9 and 10 of [Table 2](#), I find similar patterns when I test for *within-condition* differences between renters who expect to buy a home in the next 3 years and those who do not. Although the 6-point gap in the baseline condition between these subgroups of renters is *not* statistically significant, the gap widens—and emerges as significant—when the MID is framed as ineffective or unequal. Under the inequality frame, about 73% of renters who expect to buy a home support the



**Figure 3.** Within-condition differences in support for the mortgage interest deduction, by homeownership status.

MID compared with only 40% of renters who do *not* expect to buy a home—a 33-point gap in support. Likewise, when framed as an ineffective tool for expanding ownership opportunities, a significant 16-point gap emerges. Under this condition, 60.2% of renters who expect to buy a home support the MID compared with 44.3% of renters who do not expect to buy.

## Conclusion

Increasingly aware of the limits of the MID in the United States, a growing number of housing policy scholars and practitioners have put forth reform proposals to lower its costs, redistribute its benefits, or reshape the deduction into a more effective tool to expand ownership opportunities (Anderson, Clemens, & Hanson, 2007; Katz, 2012; Toder, Turner, Lim, & Getsinger, 2010). In 2005, President George W. Bush’s Advisory Panel on Federal Tax Reform proposed to replace the deduction with a nonrefundable credit. The credit, which would amount to 15% of interest paid on a principal residence, would be available to homeowners regardless of whether they itemize their deductions. In 2010, President Obama’s National Commission on Fiscal Responsibility and Reform (Bowles-Simpson) proposed to reduce the cap on eligible mortgage interest debt to \$500,000. Other proposals call for ending the deductibility of mortgage interest paid on second

homes and converting the deduction into a one-time homebuyers' tax credit for first-time homebuyers. Even the National Association of Home Builders—a group that has historically worked to protect the MID—recently signaled their willingness to consider MID reforms as part of broader tax reform efforts (Woellert, 2017; Kusisto, 2017). Many proponents of MID reform, including supporters of the United for Homes campaign sponsored by the National Low-Income Housing Coalition, aim to reinvest these savings into affordable housing programs, including programs to assist low-income renters, middle-class homebuyers, or households experiencing excessive cost burdens.

Amid an emerging consensus around MID reform, the findings from this article can help to shape the path forward. Briefly, I highlight three key findings before discussing their importance for housing policy practitioners and policymakers. Although the nature of the convenience sample limits the suitability of the data for generating population estimates, the findings offer several key insights for building theory and creating opportunities for policy reform. First, while overall support fell under each of the framing conditions, I found that support was most sensitive to the ineffective frame. In the overall sample, support declined by more than 20 percentage points when respondents were presented with information suggesting the policy was ineffective at expanding homeownership opportunities for households on the margin. Support fell by 13 percentage points when respondents were given information about the costs of the deduction, and by 15 percentage points when they were presented with information about the unequal distribution of benefits.

Second, I find that Republicans are less sensitive to these effects when the deduction is framed as distributing benefits unequally, but more sensitive to these effects when it is framed as expensive. Democrats, on the other hand, are more sensitive to issues of inequality, but less sensitive to issues of cost. These findings suggest that sensitivity differs across social groups—an important theoretical insight that merits further investigation. However, across every group in the analysis, support declines to its lowest level when the MID is presented as an ineffective tool for expanding ownership.

Finally, I found that renters are more sensitive to framing effects than homeowners are. Although renters are almost as supportive as homeowners in the baseline condition, their support drops more dramatically across each of the framing conditions. Relatedly, I find that among subgroups of both homeowners and renters, respondents with the *least stake* in mortgaged homeownership are the *most sensitive* to framing effects. When the policy is framed as regressive, costly, or inefficient, support for the MID declines more among homeowners without a mortgage compared with those with a mortgage, and it declines more among renters who do not expect to transition into homeownership compared with renters who expect to buy a home in the next 3 years.

Taken together, these findings offer important lessons for housing policy scholars and practitioners working to reform the MID. Since political elites are deeply responsive to the demands and preferences of their constituencies, shifting public opinion can serve as an impetus for policy change (Brooks & Manza, 2006; Manza & Cook, 2002). Current efforts to frame the MID are driven largely by industry groups. For example, the National Association of Realtors calls the deduction “a remarkably effective tool that facilitates homeownership,” and expressly “opposes any changes that would limit or undermine current law” (National Association of Realtors, 2017). By linking the MID to the popular cultural symbol of homeownership (Perin, 1977), these groups have bolstered the popularity of the policy without acknowledging its limitations. By contrast, the analysis in this article suggests that persistently high levels of support for the deduction may, in fact, be propped up by a misunderstanding about how the deduction works or who benefits from it. Educating the public about the impact of the MID is likely to dampen its popularity and, in doing so, create an opportunity for policy reform.

However, while public opinion is sensitive to issue framing, the findings from this article also confirm the deep, enduring popularity of the MID. Regardless of the way the issue is framed, support in the full convenience sample never dropped below 62%. (Notably, however, none of the framing conditions presented all three critiques of the policy together, which would have provided an estimate of support when the policy was framed as costly, regressive, and ineffective.) Although scholars should be cautious about generalizing population estimates from the Amazon MTurk

platform, it is worth noting that the sample *underrepresents* several subgroups that are highly supportive of the deduction, including elderly households, homeowners, and high-income respondents.<sup>6</sup> Moreover, estimates from the MTurk sample are consistent with those reported in polls fielded on behalf of industry groups, such as the National Association of Home Builders. This persistently high level of support—even against the backdrop of negative information—underscores the challenges of shifting public opinion on a popular social policy tightly integrated with cultural expectations around homeownership. While support declines the most when Americans are presented with information about the effectiveness of the MID, nearly 63% of respondents continue to express their support.

For practitioners and policymakers concerned to create more effective, fairer tax policies around housing, these findings identify both opportunities and obstacles. Plans for reform have run up against the enduring popularity of the MID and other subsidies for American homeowners (Morrow, 2012). While this popularity reflects a broad commitment to homeownership in the United States, the findings from this analysis also suggest that Americans may simply know very little about the implications of the policy, including the unequal distribution of benefits or its ineffectiveness in expanding ownership opportunities. To effectively reform the MID to better target middle-class households and lower its costs, proponents of reform must highlight shortcomings of the current policy. Providing information about the cost, effectiveness, and distribution of benefits may shift public support and create new opportunities for policy reform.

## Notes

1. Under the Tax Cuts and Jobs Act passed by Congress in 2017, the limit on deductible mortgage debt fell to \$750,000 on loans taken out after December 14, 2017. However, existing mortgage loans were unaffected by this change.
2. Alongside the MID, the Department of the Treasury lists three other tax expenditures for homeowners—the exclusion of net imputed rental income, the capital gains exclusion on home sales, and the deductibility of state and local property taxes on owner-occupied homes—among the costliest in the tax code.
3. For additional information on the cost of the mortgage interest deduction and other federal tax expenditures, see reports by the Tax Policy Center (<http://www.taxpolicycenter.org/briefing-book/what-are-largest-tax-expenditures>) and the Joint Committee on Taxation (<https://www.jct.gov/publications.html?func=startdown&id=4857>).
4. For additional information on the Amazon Mechanical Turk platform, visit <http://www.mturk.com>.
5. In addition to the measures listed in Table 1, survey respondents were asked a series of questions about their interest in public policy, their general support for policies that support homeownership, and their level of political partisanship. These were included in the survey immediately after the question about the MID, but before the demographic information.
6. In separate regression analyses predicting support for the mortgage interest deduction, I confirm that homeowners, high-income households and older Americans are all more likely to support the deduction. These findings are available from the author upon request.

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No potential conflict of interest was reported by the author.

## Notes on Contributor

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