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A home is the *foundation.*

August 24, 2011

The Honorable Max Baucus
United States Senate
Hart Senate Office Building 551
Washington, DC 20510

Dear Senator Baucus,

On behalf of the National Housing Trust Fund Campaign, I write urge you to find a way to fund the National Housing Trust Fund as you deliberate the future of the federal budget as part of the Joint Select Committee on Deficit Reduction. We are most grateful for your diligence in attempting to include the National Housing Trust Fund in the tax extenders bill in 2010.

The Committee will be examining all forms of spending, including tax expenditures, as well as all revenue sources. One of the items for reform often mentioned is changes to the mortgage interest deduction. We agree that the mortgage interest deduction is due for reform. It is costly, regressive and benefits only 22% of households who pay income taxes. We support common sense reforms that would make tax treatment of mortgages more equitable and would also yield savings.

Specifically, we recommend lowering the cap on the size of a mortgage for which interest is deductible, eliminating the deduction for second homes and home equity loans, and converting the deduction to a credit. Our analysis shows that lowering the cap to \$500,000 and converting the deduction to a non-refundable 15% credit would more than double the number of homeowners with incomes under \$100,000 who would get a tax benefit and save over \$30 billion a year.

While deficit reduction is necessary for the long term health of our nation, investment in the economy is just as crucial. We strongly urge that savings from reform of the mortgage interest deduction be used to capitalize the National Housing Trust Fund. A one-time investment of \$10 billion would create 153,000 jobs. An investment of \$30 billion a year over ten years would eliminate the shortage of rental homes - currently 3.5 million - that are affordable for the lowest income families, the goal of the National Housing Trust Fund.

Representatives of the National Housing Trust Fund Campaign are available to discuss this proposal at your convenience.

Thank you for your longstanding commitment to the housing needs of low income Americans. We fervently wish you and the Committee success in shaping economic prosperity for all the people of our country both today and for generations to come.

Sincerely,

A handwritten signature in black ink, appearing to read "Sheila Crowley". The signature is fluid and cursive, with the first name being more prominent.

Sheila Crowley

President and CEO

National Low Income Housing Coalition