



UNITED FOR HOMES

CAMPAIGN FOR THE NATIONAL HOUSING TRUST FUND

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United for Homes Steering Committee Lobby Day July 17, 2013 Senate Talking Points

REQUEST: That Senator XXX submit the United for Homes proposal for modifying the mortgage interest deduction to the Senate Finance Committee by July 26

The United for Homes Campaign is comprised of more than 1,200 organizations dedicated to funding the National Housing Trust Fund (NHTF) through a modernization of the mortgage interest deduction.

- The NHTF is an authorized program that when funded will expand the supply of housing for extremely low income people in the state. Currently there is a gap of XX units between what is available and what is needed in the state.
- The mortgage interest deduction is one of the largest tax expenditures and far outpaces current federal support for affordable housing.
- We proposed two key changes to the mortgage interest deduction to modernize it and make it fairer and better targeted to homeowners who need the assistance and renters:
 - Lowering the cap on the size of a mortgage for which a homeowner can deduct the interest from \$1,000,000 plus \$100,000 in home equity loans to \$500,000.
 - Home equity loans and second homes are allowed under this cap.
 - Only 4% of mortgages nationwide are for more than \$500,000.
 - Converting the deduction to a 15% nonrefundable credit
- These two changes would:
 - Expand the number of homeowners receiving a tax break for interest paid on a mortgage from 39 million to 55 million. Of the 16 million in the increase, 99% have incomes under \$100,000.
 - Raise \$197 billion in revenue over 10 years (after a five year phase-in).
 - This increase should go to the NHTF to expand the supply of housing affordable to extremely low income people.
- The proposal has wide support.
 - The Bipartisan Policy Center's Housing Commission called for savings generated from tax reform to be applied to expand support for affordable housing programs.
 - Public opinion research shows that while Americans like the MID, 60% also support our proposed reforms. More than two-thirds support using some or all of the savings to expand the supply of affordable housing to help end homelessness
- We respectfully request that the Senator submit the United for Homes proposal for modifying the mortgage interest deduction to the Senate Finance Committee by July 26. We've included a one-pager on the proposal and sample legislative language.
- The proposal meets the threshold requirements outlined in the Dear Colleague from Senators Baucus and Hatch by helping grow the economy, making the tax code fairer, and promoting other policy objectives such as supporting homeownership, ending homelessness, and achieving educational success for our nation's children.

Corker-Warner Bill/Housing Finance Reform (if it comes up):

- The initial capitalization for the National Housing Trust Fund was to be contributions from Fannie and Freddie. While not funding sufficient to fully address the affordable housing shortage, the NHTF should be included in any housing finance reform effort.
- We are glad the NHTF was included in the Corker-Warner bill, but new purposes have been added to the NHTF that serve income groups higher than where the NHTF was originally targeted.
- The Housing Trust Fund should be preserved as a HUD program that provides grants to states for the core purpose of expanding rental housing that is affordable for extremely low income families (30% AMI or less)
- Whatever fees are levied against mortgages/mortgage backed securities should be the maximum amount possible and should be used to maximize funding to the Housing Trust Fund for the purpose stated above.
- Any provisions for rental housing in any other section of the bill should be limited to rental housing that is targeted no higher than very low income (50% AMI or less).