UNITED FOR HOMES

CAMPAIGN FOR THE NATIONAL HOUSING TRUST FUND

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The United for Homes campaign proposes funding the National Housing Trust Fund with revenue raised from modifications to the mortgage interest deduction. Targeting mortgage interest tax breaks more towards middle class and lower income homeowners will provide a tax benefit where it is needed most and create revenue that can be used to help end homelessness.

THE CURRENT LAW

The mortgage interest tax deduction is a part of the tax code that currently allows some homeowners to deduct a portion of the interest they pay on their mortgage from their taxable income. Under current law, only homeowners who itemize on their tax returns can deduct the interest paid on mortgages on first and second homes up to a total of $1 million, and the interest on up to an additional $100,000 in home equity loans.

OUR PROPOSAL

The United for Homes campaign proposes to modify the current mortgage interest tax break by **reducing the size of a mortgage eligible for a tax break to $500,000**, and to **convert the deduction to a 15% non-refundable tax credit**. The revenue generated from these savings would be used to **fund the National Housing Trust Fund**.

Tax Deduction vs. Tax Credit
Tax deductions are subtracted from a taxpayer's total income in order to calculate taxable income. Tax credits, on the other hand, are subtracted directly from a taxpayer's tax bill. Tax credits result in a dollar-for-dollar reduction in the amount of tax a taxpayer owes. Tax credits can be more beneficial to taxpayers than tax deductions, especially to those who do not itemize on tax returns.

THE RESULTS

16 million more homeowners would get a tax break
Only 24% of all taxpayers claim the current mortgage interest deduction. By converting to a credit, all homeowners with mortgages would get a tax break, not just those who have enough income to file itemized tax returns. Through our proposed housing tax reform, the number of homeowners with mortgage who would get a tax break would increase from 39 to 55 million. *Source: Tax Policy Center (2013).*

Help for more middle and lower income homeowners
Our housing tax reform proposal is designed so that 99% of the homeowners newly eligible for a tax break would be households with incomes less than $100,000 a year. *Source: NLIHC tabulations of Tax Policy Center data (2013).*

Americans want a more fair tax code, and to end homelessness
According to a national poll, 60% of Americans favor the United for Homes housing tax reform proposal. Seventy-six percent of Americans favor building more affordable housing in their states to help end homelessness. *Source: NLIHC poll conducted by Belden Russonello Strategists LLC, 2013.*

New revenue for affordable housing
The cost of the mortgage interest deduction in 2014 will be $80 billion. But with our housing tax reform proposal, there will be almost $200 billion over ten years in new revenue that can be used to address our most important housing problems by funding the National Housing Trust Fund. *Source: NLIHC tabulations of Tax Policy Center data (2013).*