



UNITED FOR HOMES

COMMON SENSE HOUSING INVESTMENT ACT

H.R. 948, the *Common Sense Housing Investment Act*, proposes smart, modest reforms to the mortgage interest deduction—a \$70 billion tax break that largely serves high-income households—and reinvests the savings into providing affordable rental housing for families with the greatest needs. NLIHC and the United for Homes campaign—which has been endorsed by more than 2,300 national, state, and local organizations and government officials—strongly support H.R. 948.

THE ISSUE

While federal investments in affordable rental housing have a proven track record of reducing homelessness and housing poverty, these solutions are sorely underfunded. Just 1 in 4 families that are eligible for rental housing assistance get the help they need. Meanwhile, half of all homeowners do not benefit from MID, and nearly all MID dollars go to households with incomes over \$100,000. For our nation to fully address the affordable housing crisis for families with extremely low incomes, we must rebalance scarce resources to increase investment in proven solutions.

THE SOLUTION

The Common Sense Housing Investment Act would allow an additional 15 million low and moderate income homeowners who currently do not benefit from the mortgage interest deduction to receive a much-needed tax break. The bill would also reinvest the significant savings—\$241 billion over 10 years—into providing affordable rental homes for families with the greatest needs by increasing resources for the Housing Trust Fund, Low Income Housing Tax Credit, public housing, and rental assistance solutions.

THE REFORMS

The *Common Sense Housing Investment Act* proposes simple reforms to the MID:

1. Reduce the amount of a mortgage eligible for a tax write-off from \$1 million to the first \$500,000, impacting fewer than 6% of mortgage holders.
2. Convert the MID deduction into a nonrefundable 15% credit, allowing 15 million more low and moderate income homeowners to receive a tax break.
3. Reinvest \$241 billion in savings over 10 years in providing affordable rental homes for the lowest-income families by expanding the Housing Trust Fund, Low Income Housing Tax Credit, public housing, and rental assistance solutions.



THE UNITED FOR HOMES CAMPAIGN

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WHY SAVINGS SHOULD BE REINVESTED

Congress will likely consider changes to the mortgage interest deduction—whether through direct reform or by increasing the standard deduction. H.R. 948 reinvests the savings from these changes into affordable rental housing solutions for the most vulnerable in our communities, instead of lowering tax rates or reducing the federal deficit.

- **It's time to reprioritize and rebalance scarce federal housing resources to serve families with the greatest needs.** Overall, about 75 percent of federal housing dollars benefit higher-income households through MID and other homeownership tax benefits. The 7 million households with incomes above \$200,000 receive a larger share of these resources than the more than 55 million households with incomes of \$50,000 or less, even though lower-income families are far more likely to struggle to afford housing. At a time when America's housing affordability crisis continues to reach new heights, our nation should be investing scarce resources into programs that serve the poorest among us.
- **Housing is the key to reducing poverty and increasing economic mobility.** Research shows that increasing access to affordable housing is the most cost-effective strategy for reducing childhood poverty and increasing economic mobility in the United States. Economist Raj Chetty found that children who moved to lower poverty neighborhoods saw their earnings as adults increase by approximately 31%, an increased likelihood of living in better neighborhoods as adults, and a lowered likelihood of becoming a single parent. Moreover, children living in stable, affordable homes are more likely to thrive in school and have greater opportunities to learn inside and outside the classroom.
- **Increasing access to affordable housing bolsters economic growth.** The shortage of affordable housing costs the American economy about \$2 trillion a year in lower wages and productivity. Without affordable housing, families have constrained opportunities to increase earnings, causing slower GDP growth. In fact, researchers estimate that the growth in GDP between 1964 and 2009 would have been 13.5% higher if families had better access to affordable housing. This would have led to a \$1.7 trillion increase in income, or \$8,775 in additional wages per worker. Moreover, each dollar invested in affordable housing boosts local economies by leveraging public and private resources to generate income—including resident earnings and additional local tax revenue—and supports job creation and retention.



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