

Sample Comments

Senate Finance Committee Request for Tax Reform Proposals

Congress has a clear opportunity to enact tax reform that addresses the growing affordable rental housing crisis facing millions of low-income people in every state and community. That starts with reforming the mortgage interest deduction (MID), a \$70 billion tax write-off that primarily benefits higher income households, and reinvesting these scarce resources to serve those with the greatest needs. Through smart, modest reforms to the MID, Congress can reprioritize and rebalance federal spending on housing to help make the deeply targeted investments in affordable rental housing that our nation needs to help the economy, our communities, and families thrive.

Access to an affordable rental home is essential to economic prosperity and job creation. An affordable home is necessary to help families to participate fully in the economy, making it easier for adults to find and keep good jobs and contribute to economic growth. Living in an affordable home improves children's health and education, increasing their economic success as adults. Moreover, federal investments in affordable housing boost local economies and create jobs. Despite the benefits of affordable housing, three out of four families eligible for rental assistance are turned away due to a lack of funding and half a million people are homeless on any given night.

As a result, 71% of extremely low income households — those earning less than the poverty guideline or 30% of the Area Median Income — pay at least half of their limited income on rent, leaving few resources to cover basic needs, like food, healthcare, childcare, and transportation.

At the same time, three-fourths of the nearly \$200 billion spent by the federal government to help Americans buy or rent their homes goes to higher income households through the MID and other homeownership tax benefits. In fact, the federal government spends more to help the 7 million households with incomes above \$200,000 than to help the 55 million households with incomes below \$50,000, even though they are far more likely to struggle to afford a place to live.

Experts from across the political spectrum agree that it is time to reform the MID. This includes the Wall Street Journal editorial board, former President George W. Bush advisor Dennis Shea, the CATO Institute, the Ronald J. Terwilliger Foundation, former President Obama advisor Michael Stegman, former Labor Secretary Robert Reich, Pulitzer prize-winning author and sociologist Matthew Desmond, and many others.

We support the proposals recommended by the United for Homes (UFH) campaign, which has been endorsed by more than 2,300 organizations, local governments, and elected officials. The UFH campaign calls for:

1. **Reducing the amount of mortgage eligible for tax relief from \$1 million to the first \$500,000, generating \$87 billion in savings over 10 years.** This impacts fewer than 6% of all mortgages nationally. Moreover, homeowners with

large mortgages would still receive tax relief on the first \$500,000 of their mortgage.

- 2. Converting the deduction into a nonrefundable, 15% capped credit, generating \$191 billion in savings over 10 years.** Half of all homeowners receive no benefit from the MID because they do not itemize their tax deductions. By converting MID to a credit, 25 million low and moderate income homeowners would receive a greater tax break than they currently do under the MID.
- 3. Reinvesting the \$241 billion in savings over 10 years into affordable rental homes for families with the greatest, clearest housing needs.** The UFH reforms would generate \$241 billion in savings over 10 years to be reinvested into highly targeted rental housing solutions.

We urge Congress and the Trump administration to address the lack of decent, accessible, and affordable housing, especially among families with the greatest needs, through tax reform legislation.