

Mortgage Interest Deduction Must Not be Targeted

President Obama's deficit commission released its final report in December recommending a host of controversial spending cuts and tax changes that would cut \$4 trillion in debt over the next decade. Among the proposals is a scaled-back mortgage interest deduction (MID) for homeowners.

The National Association of REALTORS immediately challenged the recommendation to reduce the deduction. "As the leading advocate for housing and home ownership issues, NAR firmly believes that the MID is vital to the stability of the American housing market and economy," said NAR President Ron Phipps.

President Phipps goes on to say that "the MID must not be targeted for change. NAR is actively engaged on behalf of the nation's 75 million home owners and 1.1 million REALTORS to ensure that the current deduction is not modified as was recommended in the Deficit Reduction Commission.

"The tax deductibility of interest paid on mortgages is a powerful incentive for home ownership and has been one of the simplest provisions in the federal tax code for more than 80 years. In a new survey commissioned by NAR and conducted online in October of 2010 by Harris Interactive of nearly 3,000 homeowners and renters, nearly three-fourths of the homeowners and two-thirds of renters said the mortgage interest deduction was extremely or very important to them.

"Recent progress has been made in bringing stability to the housing market and any changes to the MID now, or in the future, could critically erode home prices and the value of homes by as much as 15 percent, according to the research. This would negatively impact home ownership for millions of Americans, including those who own their homes outright and have no mortgage.

"Any further downward pressure on home prices will hamper the economic recovery, raise foreclosures and hurt banks' abilities to lend and likely tip the economy into another recession resulting in further job losses for the country. It will effectively close the door on the American dream.

"NAR will remain vigilant in opposing any plan that modifies or excludes the deductibility of the mortgage interest."