Harming Young Households

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Before tampering with the mortgage interest deduction in a bid to reduce the federal deficit or lower marginal tax rates, members of Congress should put themselves in the shoes of their home-owning constituents. Today's economic times are hard enough without reducing or totally cutting a tax provision that is an important part of the family budget. The deduction is a key consideration when households work out their financial ability to afford their monthly housing payments.

Undermining the mortgage interest deduction is also exceedingly poor housing policy for our young people as they establish households of their own. Members of a generation that is even larger than the generation of their parents, the children of the baby boomers will be settling down in the years ahead. They will increasingly aspire to own a home. Unfortunately, they have been among the hardest hit by the recession. They are taking longer to establish themselves in the job market and they have limited wealth. For many, the availability of the deduction will determine whether or not they are able to afford even the smaller homes that are expected to predominate in the first-time buyer market.

A recent study by the National Association of Home Builders shows that the bigger the family or household, the greater the tax benefit from the mortgage interest deduction. In other words, cutting back on this tax incentive would result in a higher tax burden on larger families, particularly those with young children.

Raising taxes on home owners is not the right path to dealing with the nation's deficit. For the sake of the nation's economic health, stabilizing the housing market deserves top priority. Now is hardly the time to step back from our long-standing commitment to homeownership and the American dream.

To learn more about the Home Builders Association of Greater Southwest Illinois you can visit www.hbaswil.org or call us at 618-343-6331.