

## Ellison introduces Common Sense Housing Investment Act

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WASHINGTON--Rep. Keith Ellison (D-MN) this week reintroduced the Common Sense Housing Investment Act (H.R. 6677) to make it easier for middle class and working families to be able to stay in their homes and find affordable rental housing. The bill realigns the mortgage interest deduction to better benefit families who need it most by converting the deduction to a 15% flat rate tax credit on mortgages up to \$500,000. The bill strengthens the tax benefits for homeowners, while giving working families better access to rental homes.

"The lack of affordable rental housing is one of the greatest economic challenges of our time," Rep. Ellison said. "Millions of renters are unable to find affordable rental housing. In my home state of Minnesota, one-third of the population spent more than 30 percent of their income on housing in 2009. Affordable housing is about more than just rent; it's about ensuring that we maintain the ladder that makes America a land of opportunity."

By converting the mortgage interest deduction to a 15% credit, 60 million homeowners would receive the tax credit, up from 43 million, according to the Tax Policy Center. Because the mortgage interest deduction requires homeowners to itemize their tax deductions, less than half of all homeowners currently deduct interest on their mortgage. Converting the deduction to a credit would benefit all those paying mortgage interest. The bill also lowers the cap on the mortgage size from \$1 million to \$500,000. It retains the allowance for home equity lines of credit and allows second homes within the \$500,000 loan cap. These changes are phased in over five years.

The bill would generate \$27 billion in revenue, which would help provide critical resources to address the national rental shortage. The government spends nearly four times as much on homeownership compared to rental housing, and nearly half of all rental housing pay more than 30% of their income for housing. The shortage primarily affects people under 25, the elderly, people with disabilities and low-income families. The bill invests the new revenue in expanding the Low Income Housing Tax Credit, Section 8 rental assistance and the public housing capital fund, and provides a source of permanent funding for the National Affordable Housing Trust Fund.

Over 600 national, state and local organizations have endorsed strengthening the mortgage interest deduction and using the savings to fund the National Housing Trust Fund. George W. Bush's Advisory Panel on Tax Reform, The National Commission on Fiscal Responsibility and Reform (Simpson-Bowles), the Bipartisan Policy Center Debt Reduction Task Force (Domenici-Rivlin) and scores of economists and academics have recommended converting the mortgage interest deduction to a mortgage interest credit.

"We know kids do better at school and adults do better at work when they are stably housed," Liz Kuoppala, Executive Director of the Minnesota Coalition for the Homeless said. "The affordable housing crisis is a school, work, and family crisis for a growing number of people in Minnesota and across the country. We are grateful for Congressman Ellison's leadership on the Common Sense Housing Investment Act – a bill to make targeted investments in affordable housing and rental assistance."

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"The National Low Income Housing Coalition applauds Representative Ellison for his groundbreaking legislation that will invest billions of dollars to solve the acute shortage of housing that poor people can afford and cost the federal government anything," Sheila Crowley, President and CEO of the National Low Income Housing Coalition, said. "The bill would make modest reforms to the mortgage interest deduction that will make it work better for low and moderate income homeowners. At the same time, these changes would save \$200 billion over ten years to be used to fund the National Housing Trust Fund and other low income housing programs. It truly is just a common sense policy idea that ought to appeal to all reasonable people."