From: NAHB Chairman Granger MacDonald

Re: Tax Reform Developments

Date: October 28, 2017

Dear NAHB Member,

I want to update you on recent developments regarding tax reform. NAHB's focus on tax reform has been to ensure that housing remains a central component to the next generation tax code. We have been concerned that the plan under development would marginalize the existing homeownership tax incentives by sharply reducing the number of taxpayers who itemize. Because only taxpayers who itemize can claim the mortgage interest and property tax deductions, the Republican tax plan would have negated the benefits of the homeownership tax incentives for millions of middle-class American homeowners.

That is not an acceptable outcome. In response, the NAHB Executive Board granted NAHB flexibility to explore other means to deliver the homeownership tax incentives, and we proposed to the House and Senate a broad homeownership tax credit that would include both mortgage interest and property taxes. The benefit of this approach is up to 37 million additional homeowners, who do not currently itemize, could benefit from a homeownership tax incentive, and current itemizing homeowners would continue to see a meaningful tax benefit.

We negotiated with the House of Representatives in good faith, and we were given assurances that a robust, broadly claimed homeownership tax credit would be part of their tax reform package that is scheduled to be released on November 1. Unfortunately, the Speaker of the House personally contacted NAHB CEO Jerry Howard this weekend to inform him that our tax credit proposal would not be part of the bill.

Instead, we expect the House to release a bill where only a small number of largely higher-income homeowners continue to itemize and claim a deduction for their home, while millions of middle-class homeowners completely lose their housing tax incentives. As a result, NAHB will strongly and aggressively oppose the House tax reform bill.

We will not rest until Congress guarantees us that homeownership will remain as a centerpiece of our tax policy.

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