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## Changes to mortgage interest deduction would hurt economy

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For release:  
December 1, 2010

Changes to mortgage interest deduction would hurt economy, prolong housing downturn, C.A.R. says

LOS ANGELES (Dec. 1) – In response to recommendations in the Deficit Reduction Commission report released today, the CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.) said it strongly opposes any changes that would modify or reduce the mortgage interest deduction.

“Few issues are more important to homeownership than the mortgage interest deduction (MID),” said C.A.R. President Beth L. Peerce. “As the housing market continues to recover from the worst financial crisis in recent history, any change that reduces the ability of the market to heal is misguided and must be rejected,” said Peerce.

According to a recent survey commissioned by the NATIONAL ASSOCIATION OF REALTORS® (NAR), nearly 75 percent of homeowners and more than half of renters surveyed said the MID was “extremely” or “very important” to them. The proposal from the Deficit Reduction Commission will negatively impact the housing market, further erode opportunities for homeownership across the country, and will contribute to further price declines and diminished equity for homeowners by as much as 15 percent.

C.A.R. and NAR will remain vigilant in opposing any plan that modifies or excludes the deductibility of mortgage interest and make certain that the real estate industry’s opposition to this proposal is heard and its far-reaching implications understood.

### Mortgage Interest Deduction Background

- The MID has been part of the federal tax code since it was first enacted in 1913.
- People with both low and middle incomes use the MID. According the most recent IRS tax return data available, 63 percent of the families who claim the MID earn between \$50,000 and \$200,000 per year.
- While in any particular year only about one-third of taxpayers itemize, of the taxpayers who itemize deductions, more than 81 percent take the MID.
- Current law permits deductions of the interest paid on mortgage debt of up to \$1 million on a primary residence and one additional residence. In addition, the interest paid on home equity loans of up to \$100,000 may be deducted.

Leading the way...® in California real estate for more than 100 years, the CALIFORNIA ASSOCIATION OF REALTORS® ([www.car.org](http://www.car.org)) is one of the largest state trade organizations in the United States, with more than 160,000 members dedicated to the advancement of professionalism in real estate. C.A.R. is headquartered in Los Angeles.

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