

Young Households Count on the Mortgage Interest Deduction

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Homeownership, the foundation of the American Dream and the American economy, is under attack. Lawmakers are considering tampering with the mortgage interest deduction—which has been part of the tax code since its inception in 1913—in a bid to reduce the federal deficit.

But the mortgage interest deduction is often a key consideration in household financial planning and a family's ability to afford their monthly housing payments—especially young families that are new home owners. In the continuing economic downturn, changing this important tax provision could tip the scales for millions of families who are struggling to make ends meet on a daily basis.

Contrary to claims that the mortgage interest deduction primarily benefits the wealthy, the biggest beneficiaries are younger households and middle-class home owners. Sixty-eight percent of the mortgage interest deduction tax benefits are collected by home owners who make less than \$200,000.

Young families with modest household budgets make up the bulk of the entry-level market. They tend to be recent home buyers, with small amounts of home equity and growing families due to marriages and children. A study by the National Association of Home Builders found that the bigger the family or household, the greater the tax benefit from the mortgage interest deduction.

IRS data shows that largest deduction amounts are claimed by those aged 35 to 45. Out of the total amount of mortgage interest deduction claims, 74 percent is claimed by taxpayers under the age of 55—30 percent by taxpayers ages 35 to 45.

For generations of American families, owning a home has meant owning your future. It is an important stepping stone to building household wealth, providing for children's educations and ensuring a comfortable retirement.

In fact, owning a home is the most valued long-term investment most Americans ever make.

Today's young people are members of a generation that is even larger than the generation of their parents, the baby boomers. They grew up seeing the importance of homeownership to securing a family's future, and they aspire to do the same with their own new families.

Undermining the mortgage interest deduction would punish these young people as they try to establish households of their own. And young people 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 common in the first-time buyer market.

Now is hardly the time to step back from our country's long-standing commitment to homeownership and the American dream. Find out more about the mortgage interest deduction and get involved in the supporting it at www.SaveMyMortgageInterestDeduction.com.