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Builders Blast Tax Proposal; Realtors not Smiling Either

Congressional leadership and the Trump Administration stand accused of "**abandoning middle-class taxpayers** in favor of high-income Americans and wealthy corporations' by the National Association of Home Builders (NAHB). The remark came in a statement from NAHB Chairman Granger MacDonald regarding Thursday's release of the framework for the long anticipated Republican tax reform proposal. The National Association of Realtors (NAR) also released a statement critical of the plan, but withheld talking about specifics pending further review.

MacDonald had no such reservations. In the statement, which carried the headline "Republican Tax Reform Plan Slams Middle Class," he said, "The bill eviscerates existing housing tax benefits by drastically reducing the number of home owners who can take advantage of mortgage interest and property tax incentives," and that "Capping mortgage interest at $500,000 for new home purchases means that home buyers in expensive markets will effectively **lose** this housing tax benefit moving forward."

The bill, is expected to hit **heavy headwinds** from other lobbying groups as well. It cuts the corporate tax rate from 35 percent to 20 percent but appears not to eliminate many of the current exemptions that cut the average corporate tax bill to 18 percent. The bill would reduce the current six tax brackets to four; 39.6 percent for households making more than $1 million annually, and 35 percent on incomes from $260,000 to $1 million. A 25 percent rate would apply from $90,000 to $260,000, and percent from $24,000 to 90,000. Households making less than $24 would pay no income tax.

The plan also:

- Caps the mortgage-interest deduction on new home sales at $500,000 rather than the current $1 million for couples filing jointly.
- Caps deductions for state and local property taxes at $10,000 and repeals other state and local tax deductions.
- Eliminates deductions for student loan interest
- Taxes endowments at large schools at a 1.4 percent rate.
- Raises the childcare tax credit from $1,000 to $1,600, and
- Leave provisions for 401(k) retirement savings plans untouched.

National Average Mortgage Rates



Mortgage News Daily	Rate	Change	Points
30YR Fixed	7.51%	+0.01	0.00
15YR Fixed	7.04%	+0.01	0.00
30YR FHA	7.08%	+0.03	0.00
30YR Jumbo	7.52%	+0.02	0.00
7/6 SOFR	7.12%	-0.01	0.00
30YR VA	7.10%	+0.03	0.00

Rates as of: 11/16

MBS and Treasury

	Price / Yield	Change
MBS UMBS 6.0	98.70	+0.01
10 YR Treasury	5.1474	+0.0061
30 YR Treasury	5.4731	+0.0049

Pricing as of: 11/15 7:41PM EST

Recent Housing Data

		Value	Change
Mortgage Apps	Nov 4	204.6	+6.23%
Building Permits	Sep	1.4M	+0.43%
Housing Starts	Sep	1.22M	-4.24%
New Home Sales	Sep	676K	-1.17%
Pending Home Sales	Aug	71.2	0%
Existing Home Sales	Oct	3.99M	+0.25%
Builder Confidence	Oct	29	-9.38%

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Granger further charged that "The House leadership killed a cost-effective plan proposed by NAHB that Ways and Means Committee leaders agreed to include in the legislation. It would provide a robust homeownership **tax credit** that would have helped up to 37 million additional home owners who do not currently itemize. Most of them are low- and moderate-income home owners.

"Meanwhile, as corporations receive a major tax cut, small businesses, which generate the lion's share of job growth, get limited relief.

The bottom line, according to Granger, "Congress is ignoring the needs of America's working-class families and small businesses. And by undermining the nation's longstanding support for homeownership and threatening to lower the value of the largest asset held by most American families, this tax reform plan will put millions of home owners at risk."

When early details about the plan began to leak out, NAHB seemed **ready to abandon** the mortgage interest deduction as long as the low-income tax credit stayed in place. However, they said over last weekend that they felt betrayed by the refusal of House Speaker Paul Ryan to allow inclusion of their tax credit in the bill presented to the House. They announced then that they would spend the money they had set aside to lobby in favor of the tax proposal to fight against it instead.

The statement from NAR President William E. Brown said, "We are currently reviewing the details of the tax proposal released today, but at first glance it appears to confirm many of our biggest concerns about the Unified Framework. Eliminating or nullifying the tax incentives for homeownership puts home values and middle-class homeowners at risk, and from a cursory examination this legislation appears to do just that. We will have additional details upon a more thorough reading of the bill."

Responsive service, experienced expertise

I've dedicated my 26 year mortgage career to client education, superior service, and honest answers. The lending landscape has changed dramatically the past few years, and continues to do so. My job is to ensure client partners' loans close quickly, without surprises, and I take that responsibility very seriously. Referrals are a responsibility I appreciate; they're a measure of trust, and that trust must be earned every day, on every referral.

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