

National Association of Home Builders



# Homeownership Works for America

Homeownership provides peace of mind,  
long-term security and a place to call your own.



[www.nahb.org/homeownership](http://www.nahb.org/homeownership)



# The home is central to American life.

It is where dreams thrive and the future takes shape. It is where families make lifelong memories, and children are nurtured so they can build a better tomorrow.

Owning the home that plays such an important role in their lives is a cherished ideal for most families. They know that homeownership promotes social stability and is critical in creating wealth and providing financial security.

Housing and homeownership are also critical to a strong and prosperous nation. New home construction spurs productivity, creates jobs for millions of Americans and generates revenues for all levels of government.

For almost a century, national policy has acknowledged the importance of the home in American family life. Today, however, homeownership is under attack. Legislative and regulatory proposals now under consideration would greatly harm home owners, home buyers, the housing market and the nation's economy.

## PROFILE OF A FIRST-TIME HOME BUYER

Median Age	31
Median Household Income	\$60,000
Median Price of Home	\$150,000

Source: NAHB tabulation of data from the 2009 American Housing Survey, HUD and the U.S. Census Bureau.

There's no question that the business practices and excesses that contributed to the housing market crisis must be corrected. Prudent underwriting and other safeguards are essential.

But some proposed measures would reverse the housing policies that created a thriving middle class and contributed to a century of economic progress. They would change the rules for millions who have sacrificed to get where they are, and they would penalize responsible, hard-working families for others' mistakes.

If enacted, these proposals would harm the homeownership prospects for Americans now and for years to come.

Homeownership has always been – and continues to be – the single best long-term investment for most Americans. It is a primary source of wealth and financial security for many households, helping to provide for education, retirement and more.

Despite the housing market crisis and economic uncertainties, Americans continue to value homeownership. That's a lesson that elected officials would do well to remember.

As the debate over housing policy unfolds, it is crucial to ensure that homeownership remains attainable and that access to safe, decent and affordable housing remains a national priority.

Let your elected representatives know that you value policies that will encourage homeownership and keep the dream alive for future generations.





## Housing = Jobs

Just as each home is important to the family that lives in it, housing is important to local, state and national economies and accounts for about 15 percent of the nation's gross domestic product. Included in that total are new construction of single-family and multifamily homes, remodeling, and the value existing homes provide to owners.

NAHB analysis of the broad impact of new construction shows that building 100 average single-family homes generates:

- 305 jobs
- \$23.1 million in wage and business income
- \$8.9 million in taxes and revenue for state, local and federal governments

Moreover, the employment effects of new home construction and remodeling extend far beyond the physical structure. About half of the jobs created by building new homes are in construction. They include framers, electricians, plumbers, finish carpenters and all of the other workers who contribute to preparing the land and building the home. The rest are in housing-related industries that produce building materials and provide services to both home builders and home buyers.

These include: furniture and appliance industries; metals and plastics; architecture and engineering; real estate agents, brokers, finance and insurance; wood products, concrete and gypsum; construction equipment and other products; selling, moving and storing products; and management, administration, government and legal services.

## The Threat to Homeownership

Washington policymakers are threatening to eliminate our nation's long-standing commitment to homeownership, which would have repercussions for generations to come. This broad-based attack on homeownership is being waged in the tax, legislative and regulatory arenas. Such a radical policy shift would negatively affect every family in every community across the land. Policy changes under consideration include:

- Eliminating or reducing the mortgage interest deduction that has been in the nation's tax code for almost 100 years.
- Excessively stringent credit standards that would keep millions of families from homeownership.
- Curtailing the low income housing tax credit that is the most successful rental housing program in America and generates roughly 90,000 jobs each year.
- Ending federal support for the housing finance system that is the backbone of the 30-year fixed rate mortgage.

Millions of first-time home buyers and middle-class households would be left out in the cold with only the faintest hope of ever owning a home, the production of affordable rental and new single-family housing would grind to a halt, and countless jobs would be lost.

In the wake of the worst financial crisis since the Great Depression, it makes sense to encourage prudent underwriting and effective consumer education to make sure that buyers select homes they can afford and mortgages they can pay over the long term. But it does not make sense to attack the mortgage interest deduction that is so important to the American middle class, or to tighten credit so much that many households that can afford homeownership simply cannot qualify for a mortgage. Such ill-advised actions would further devalue housing and prolong the nation's economic pain for years to come.



## Setting the Record Straight

As a result of the housing market downturn, misconceptions about housing are commonplace. Following is the truth about some of the most widespread inaccuracies.

**Misconception:** Only the wealthy benefit from the mortgage interest deduction.

This pervasive fiction is often cited as a reason to eliminate the mortgage interest deduction. Income tax deductions for mortgage interest and real estate taxes primarily benefit middle-class taxpayers, especially first-time home buyers. A higher percentage of first-time buyers' mortgage payments goes to pay off interest, and those mortgage payments represent a higher proportion of monthly income for younger consumers than for more mature home owners. The median household income of first-time home buyers is \$60,000, and the median age is 31.

**Misconception:** Americans are disenchanted with homeownership and it is no longer a part of the American Dream.

Not so, according to polls by NAHB, the Pew Research Center and the New York Times/CBS News. In a Pew Research Center survey conducted in March 2011, 81 percent agreed that owning a home is the best long-term investment a person can make. And in a national poll of voters conducted for NAHB in May 2011 and reaffirmed in January 2012, roughly 80 percent of home owners said they would advise a family member or a close friend just starting out to buy a home in order to build long-term assets. In a New York Times/CBS News poll in June 2011, 89 percent said that homeownership is an important part of the American dream.

**Misconception:** Housing is not as important to the American economy as many other industries.

Actually, the housing market downturn is a major contributor to the nation's high unemployment rate. Total employment in residential construction and remodeling is down more than 1.4 million jobs from the peak employment rate of 3.45 million in April 2006. The housing downturn has also contributed to the loss of more than 1.5 million other jobs in manufacturing, transportation, retail sales, engineering and other industries that provide goods and services to the housing industry. Home building also generates significant tax revenues and income.

**Misconception:** Homeownership advocates say everyone should own a home.

Homeownership isn't for everyone, but everyone should be able to choose the home they want, whether they rent or buy. And government policies should not limit homeownership opportunities unnecessarily.

As the debate over housing policy unfolds, it is crucial to ensure that homeownership remains attainable and that safe, decent and affordable housing is available to families across the economic spectrum.

The actions policymakers take today will determine in large part where our children live tomorrow. Let your voice be heard. Make sure your representatives in the nation's capital know that you value homeownership.

# Setting the record straight.