Message from BMNAR's chief executive officer: We cannot afford another housing crash

June 06, 2017 - Front Section

Shown above are: BMNAR past president Sandra Erickson, Susan Goldy, Eliezer Rodriguez, congressman Engel, Christina Leigh-Stevens and Miriam Toro.

Eliezer Rodriguez,
BMNAR

A home is the most valuable asset for most owners. Millions of families have built equity for years with the hope of using it to help pay for retirement or college for their children. Tax reform proposals discussed to date would cause many of these dreams to evaporate.

Thousands of Realtors went to Washington the week of May 15th, 2017 to ask their elected leaders to support initiatives vital to the real estate industry. On May 23rd, 250 Realtors from New York State did the same with our state elected leaders.

In talking with many Realtors, they all agree that Federal and State elected leaders (and their staffs) need to be reminded that tax reform must not dilute the current real estate tax provisions vital to the housing market and the economy. Reform ideas that repeal or weaken tax incentives to encourage homeownership must be rejected. We need tax reform, but it must first do no harm.

Current tax reform discussions would lower tax rates and raise the standard deduction, but would pay for these changes by scaling back existing real estate tax provisions. Proposals that limit itemized deductions, even if not directly changing rules applicable to mortgage interest, could have serious negative consequences for homeowners.

Middle-income homeowners could be worse off under proposals that limit tax incentives for home ownership. Analysis of a blueprint-like tax reform plan shows that home-owning families with incomes between $50,000 and $200,000 would face average tax hikes of $815 in the year after enactment while non-homeowners in the same income range would enjoy average annual tax cuts of $516.

Homeowners already pay 83% of all federal income taxes, and this share would go even higher under similar reform proposals. Homeowners should not have to pay a higher share of taxes because of tax reform.

Proposals limiting tax incentives for homeownership would cause home values everywhere to plunge. Estimates show that values could fall in the short term by more than 10% if a blueprint-like tax reform plan were enacted. The drop could be even larger in high cost areas. It will take years for the market to recover from such a significant decrease. With this size of a dive in values, homeowners with relatively small amounts of equity would again see their mortgages go under water, finding they owe more than what their home is worth. For many, this will lead to defaults, foreclosures or short sales, creating havoc for families, neighborhoods and communities.

We need tax reform that encourages first-time homebuyers. The number of first-time homebuyers is coming off an all-time low and in 2016 the home ownership rate was at a 50-year low. Home ownership provides social benefits to communities, increasing neighborhood stability and community involvement. America must continue to encourage home ownership.

We cannot afford another housing crash. We must fight to preserve the American dream of home ownership. Pick up your phone and tell your Federal and State elected leaders to treat the homeowners fairly in tax reform. Remind them: “There’s no place like home!”

Eliezer Rodriguez, Esq. is the chief executive officer of The Bronx-Manhattan North Association of Realtors, Bronx, N.Y.