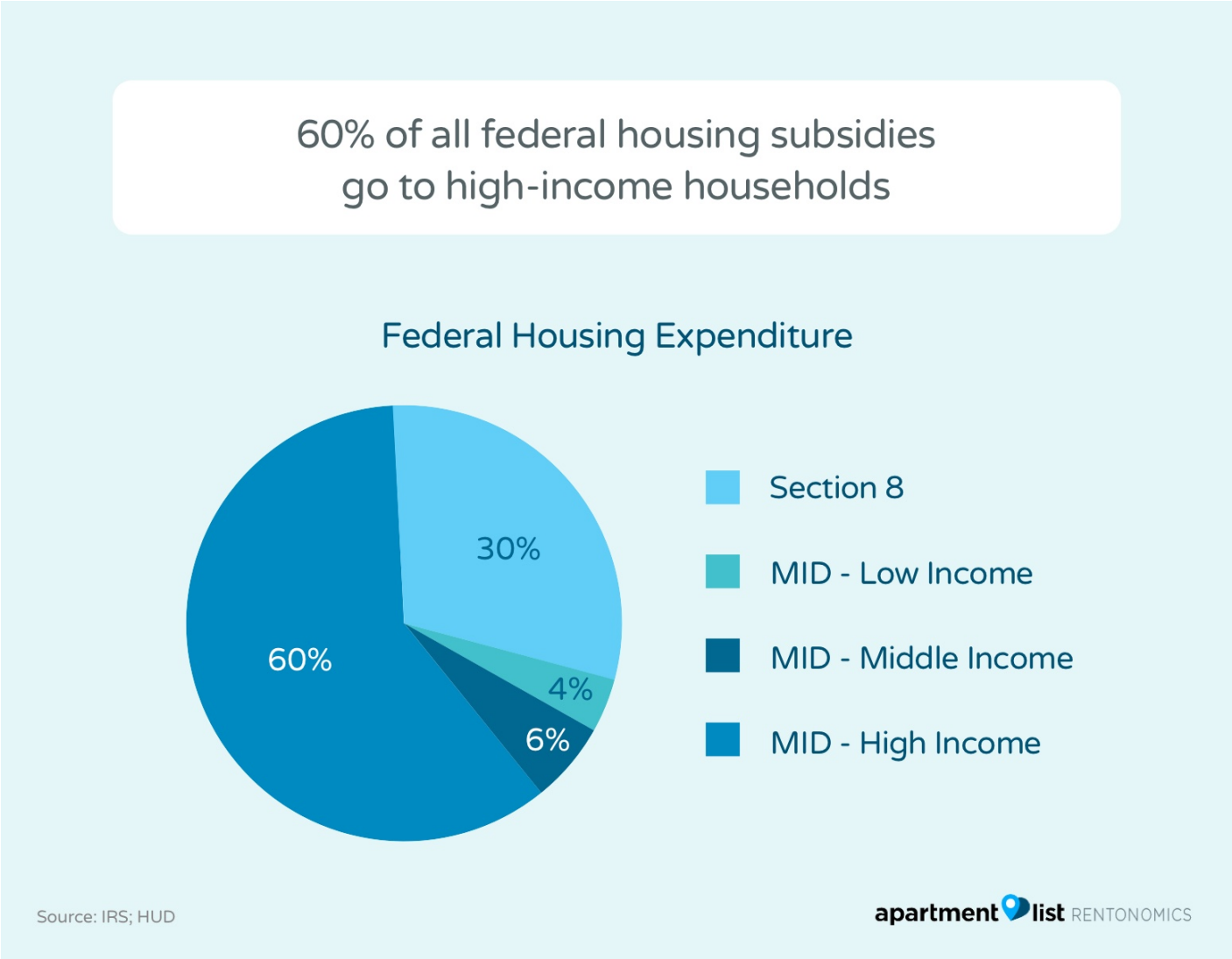
# The government pays more to rich homeowners than poor renters

The United States government spends nearly twice the amount on housing subsidies that favor the rich over the section 8 housing program for low income Americans, a new report finds—$71 billion compared to $29.9 billion in 2015, the report from the website Apartment List found.

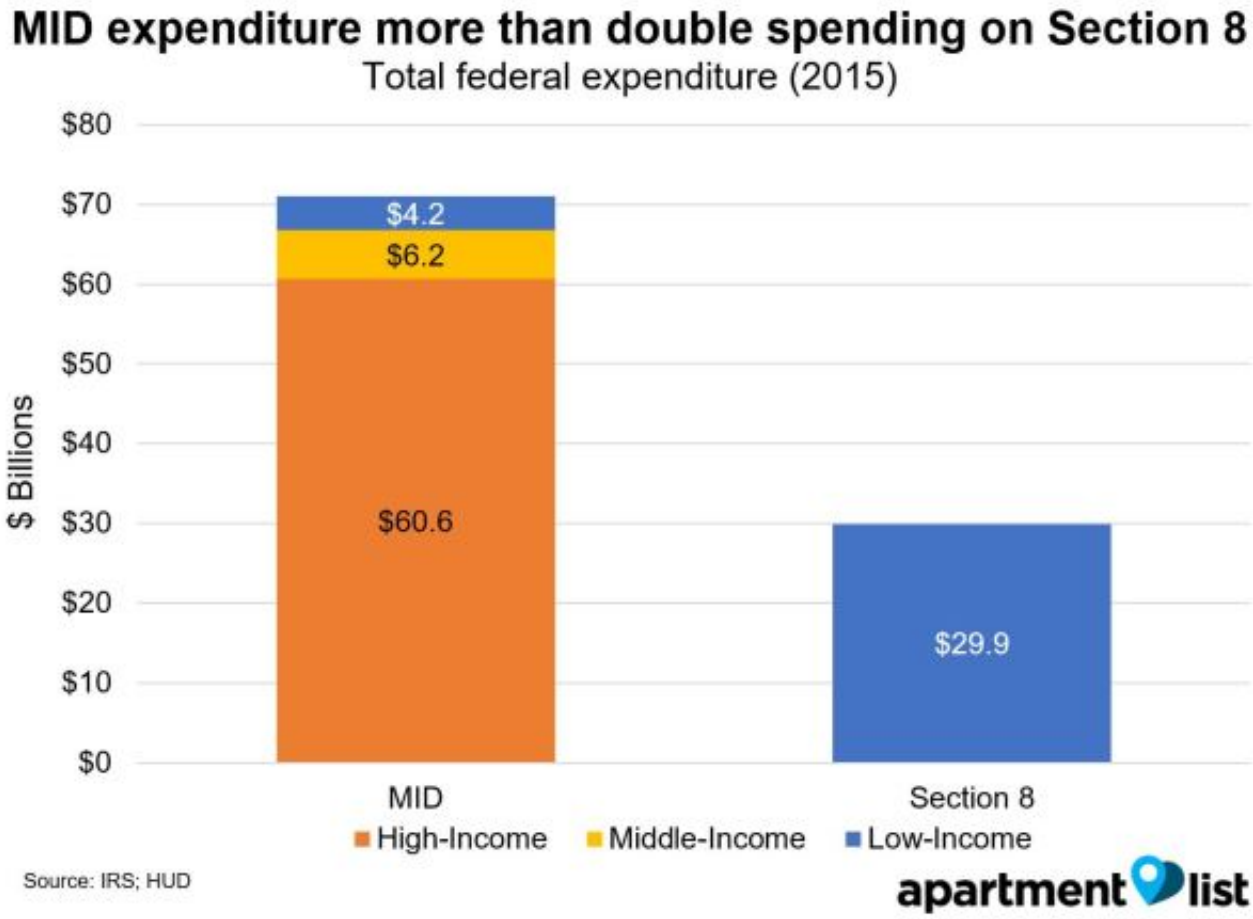



Credit: Apartment List

As the country heads towards a likely partisan debate over major changes in the tax code, a new report finds the mortgage interest deduction (MID)–which would remain essentially untouched–disproportionately favors affluent Americans. Under President Donald Trump's tax reform plan, the the standard deduction would be doubled, and other itemized deductions would be eliminated.

One reason could be that the richest Americans are far more likely to benefit from MID.

Andrew Woo, director of data science and growth and Chris Salvanti, a housing economist – both at Apartment List – compared federal expenditures on the MID to spending on Section 8 rental assistance programs in the report. They found that MID cost the federal government $71 billion, compared to $29.9 billion funding for Section 8, in 2015.




Credit: Apartment List

“While administration officials, lawmakers, industry executives and housing experts fiercely debate the future of the home mortgage deduction, lost in the argument is the fact that the political battle centers on issues relevant primarily to wealthier homeowners, while disregarding the unmet needs of lower income renters,” the report states. “The debate overlooks remedies for the deeply underfunded Section 8 rent subsidy program that helps some of the country’s poorest Americans.”

A main reason that MID benefits wealthier Americans, is simply how often that box is checked on a tax filing.

The report found that 53 percent of high income households took the deduction, while 20 percent of middle-income households and only 11 percent of low-income households received MID or assistance through the federal government’s section 8 program.

High-income individuals are more likely to own more than one home, the report finds, while low income individuals are more likely to file for a standard deduction. If the tax plan doubles the standard deduction or even increases it at all, it becomes likely even fewer low-income individuals will receive MID.

The lopsided percentages are apparent in total expenditures as well, with federal spending on housing averaging $1,549 for high income households, $222 for middle income households and $416 for low income households.

The current system is inequitable, especially when you consider that housing spending is clustered in urban centers. And it’s clear, when looking at the crooked numbers above, it’s not the low income parts of cities that are a voracious drain on housing expenditures.

And while the Trump administration touts this tax reform – in front of truckers in Dauphin County, Pennsylvania no less where they only spend $502 per household on housing versus over $1,000 per household in many of the affluent suburbs of nearby Philadelphia – they’re eyeing sweeping cuts to the Department of Housing and Urban Development, which oversees the Section 8 program, to the tune of approximately $6 billion, which would bring HUD’s budget to around $40 billion, roughly a 15 percent decrease.

Preserving MID won’t be a godsend for low income homeowners and with spending likely going lower, it appears as though there’s little relief coming.

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