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December 6, 2010

United States Senate  
Washington, DC 20510

Dear Senator:

I write on behalf of more than 1.1 million members of the National Association of REALTORS® to oppose the recommendation of the Commission on Deficit Reduction and Reform as it pertains to housing-related tax expenditures. The so-called “Zero Plan” would repeal ALL tax expenditures (not just those for housing), while the “Sample Plan” would repeal most, but not all housing-related provisions.

The nation cannot emerge from its current economic distress unless and until the housing crisis has abated. In direct opposition to this reality stands the Commission’s recommendation for sharp limitations and/or full repeal of two valuable housing provisions. The report, regrettably, is generating even more uncertainty among consumers and prospective home buyers and sellers. ***In order to avert further calamity in housing, Congress must do everything in its power to quickly restore consumer confidence in housing by reaffirming its support for the tax benefits that support housing.***

The proposal to repeal or limit the Mortgage Interest Deduction (MID) has received the widest media attention. Its importance to Americans is validated with the inclusion of a modest mortgage interest tax credit in the Sample Plan. *The worth and value of the MID must be preserved without limitation.*

Both the Zero Plan and the Sample Plan would eliminate the \$250,000/\$500,000 exclusion on the sale of a principal residence (the Exclusion). Enacted in 1997, the Exclusion replaced cumbersome rollover rules that forced people to buy ever-more expensive homes. The Exclusion was quickly embraced as a remarkably taxpayer-friendly provision and as sound policy.

The Exclusion is a boon to all homeowners. It is particularly effective for three groups: *Older Americans* can sell their homes and realize the built-in appreciation to supplement their retirement strategy. *Young families* can be free of tax obligations when they sell one home to purchase another for growing families – or for multi-generational families. The exclusion also helps *relocating families* as they seek work in different locations. Eliminating the exclusion harshly undermines the savings goals and the mobility of all homeowners.

We urge you to do your part in averting a deeper housing crisis and to express your support for these well-understood and popular homeownership provisions.

Sincerely,

A handwritten signature in black ink that reads 'Ron Phipps'.

Ron Phipps, ABR, CRS, GRI, GREEN, e-PRO  
2011 President, National Association of REALTORS®

