

Opinion: Trump may hurt Tahoe real estate market

By Theresa Souers

The California Association of Realtors has issued a statement in response to the announcement by the U.S. Department of Housing and Urban Development that the Federal Housing Administration will indefinitely suspend a recently announced cut in its annual mortgage insurance premium.

“We hope HUD and the Trump administration will make it a priority to quickly review the reduction in the FHA mortgage insurance premium,” said CAR President Geoff McIntosh. “Homebuyers in California, who would have saved an average of \$860 per year, will be negatively impacted more than any other state by the decision to not reduce the FHA premium. FHA’s single-family home portfolio is as financially sound as it has ever been, and we hope that once the new administration has thoroughly reviewed the merits of the premium reduction the suspension will immediately be lifted.”

The united belief is that this move by the Trump administration hurts the very people that Trump promised to help during his campaign.

The administration doesn’t plan to stop with the FHA premium cut. According to National Association of Realtors President Bill Brown, the Trump administration is also reconsidering the elimination of mortgage interest and property taxes as federal tax deductions. Also under attack are the current 1031 exchange programs. Such moves send a signal to the public that the government doesn’t support homeownership for the working class, the group that will be most impacted by these moves.

For example, \$860 per year, or \$72 per month, may not seem like a lot of money over a year’s time. However, South Lake

Tahoe's median home price is \$420,000. If you are fortunate enough to be able to save \$84,000 (20 percent) for a down payment, and were able to secure a low interest rate, for example 4.25 percent, you would be averaging an estimated monthly payment of \$2,200, when including taxes and insurance. If you are lucky enough to have a good paying job in Tahoe, it's still a stretch to make it work. Now add in the additional \$72, plus no deductions from your taxes – homeownership is pushed that much further out of reach for most local residents.

Speaking at the CAR business meetings in Indian Wells last month, Brown reported that homeownership in California is already down to 54 percent. He stated that a thriving middle class of homeowners is needed to support the nation's economy. In order to achieve improving levels of home ownership, good public housing policies are needed. As NAR's voice to the working government, Brown promised, "Everything involving home ownership and home ownership rights will be aggressively fought for."

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