

# District of Columbia

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Of the approximately 110,000 owner-occupied houses in District of Columbia in 2016, 76% had a mortgage. 60.9% of the housing units with a mortgage had a value higher than \$500,000 while 8.6% of the owners paid over \$10,000 for real estate taxes. Vacation homes accounted for 0.9% of the housing units in District of Columbia.

## Facts on tax deductions

	Mortgage interest deduction claimants	Real estate taxes deduction claimants	Sales Tax deduction claimants*	Income taxes deduction claimants*	Student Loan deduction claimants
<b>Number of taxpayers claiming:</b>	79,100	87,000	4,400	130,400	40,400
	Mortgage interest deduction amount	Real estate taxes deduction amount	Sales Tax deduction amount*	Income taxes deduction amount*	Student loan deduction amount
<b>Average amount subtracted from taxable income:</b>	\$12,400	\$4,550	\$900	\$14,000	\$1,250
	Mortgage interest deduction savings	Real estate taxes deduction savings	Sales tax deduction savings*	Income taxes deduction savings*	Student loan deduction savings
<b>Average savings at 25% marginal rate:</b>	\$3,110	\$1,130	\$230	\$3,500	\$310

\*taxpayers can claim a deduction for state and local income taxes paid to other states.

(e.g. owning a rental property in another state, being a partner in an out-of-state partnership, being an S corporation shareholder and the corporation does most of the business in a state other than the state where you live etc.)

## Capital gains exemption

Under current tax framework, a typical owner, who has lived in his house for at least 2 years out of the last 5 years, will pay nothing in capital gain taxes if he sells his house. Under the proposed tax frameworks, owners need to live in their house for at least 5 out of the last 8 years in order to claim the exemption. Otherwise, they need to pay \$21,285 in capital gain taxes.

In 2016, 15.5% of owners in District of Columbia have lived in their homes for 2-4 years. These owners will not be able anymore to take the exemption based on the proposed tax frameworks.

## Impact on housing prices

If both mortgage interest and real estate taxes deductions will be eliminated, home prices expect to fall from 8% to 12%. A decline in value as projected could mean a loss in home value of \$41,530 - \$62,300 for the typical homeowner.