



Hello!

The title article addresses the two current tax reform bills offered by the Republican House and the Senate. At issue is the single greatest threat to future homeownership by removing key incentives in purchasing a home.

The second article in the e-newsletter focuses on the nomination of Powell to replace Janet Yellen as Fed Chair.

Please check out the sidebar for the Torrance Arts & Crafts Faire! One of the great starts to the holiday season.

Cindy Chew

House Tax Reform Plan Deals a Blow to Homeownership

There are two different tax bills from the GOP House and the Senate up for discussion. As the House Committee prepared to pass one version of a tax bill on a party line vote last Thursday, Republican Senators unveiled their own legislation that contained major differences in key areas.

Before the tax bills can become law, the House and Senate must pass matching versions of the legislation. As leaders in each chamber grapple with difficult trade-offs on tax rates, deductions and deficits, the House is making decisions the Senate won't accept and the Senate is doing the same to the House.



But one of the reasons tax legislation is so difficult is that every deduction has a constituency. For the real estate constituency, it is the paring down the deduction of the popular homeownership incentives, which would likely affect millennials, first-time buyers of any age and millions of people living in high-cost housing markets such as California.

The GOP House tax plan cuts the \$1 million limit for the home-mortgage-interest deduction in half. The deduction allows homeowners to write off the interest they pay on home loans, effectively reducing their taxable income. The bill would apply to new home purchases and make it so homeowners can only deduct interest payments of \$500,000 worth of home loans. This becomes extremely important to certain areas of the PVP in particular with \$1,745,000 being the average price of property in 2017 to date. The GOP Senate tax plan does not cut the current cap of \$1 million but eliminates the property tax deductions altogether. Watch this space for further negotiations.

Trump Nominates J.H. Powell to Fed Chair

Jerome (Jay) H. Powell has been nominated to chair the Federal Reserve, bypassing Janet L. Yellen for a second term. Powell is expected to stay the course Yellen set on monetary policy if the economy continues its steady growth.



The question is where Mr. Powell would lead the Fed if the economy falters. Powell, a member of the Fed's board of governors since 2012, has consistently voted with Ms. Yellen to slowly raise interest rates and sell off assets that the Fed bought up in the wake of the severe recession of 2008-9.

Colleagues consider him a centrist and pragmatist. But he lacks the deep background in economics of some of his predecessors, and he has expressed skepticism in the past about the unconventional measures that the Fed took after the recession. Mr. Powell would be the first Fed chair in four decades who does not have a degree in economics - meaning his decisions may not be as fully formed as some of his predecessors.

Mr. Powell could also depart from the Fed's current trajectory when it comes to regulating banks and other financial institutions. We could see some of those regulations loosened.

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Torrance Arts & Crafts Faire



November 18 & 19
9 a.m. to 4 p.m.

Torrance Cultural
Arts Center
3341 Torrance Blvd.



The Arts & Crafts Faire features over 90 vendors with an array of handmade crafts - everything from candles and quilts to sculpture, clothing and jewelry.



Attendees can look forward to a door prize and opportunity drawing, music by DJ Ozzie and food and beverages available for purchase.



This event raises the funds needed to support scholarships to high school seniors within the Torrance Unified School District.



For more info:

www.torrancecraftsmensguild.org/TCG/



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