

Resolution No. 1

Date: 1/11/2018

City: Orlando, FL

NAHB Resolution

Title: Retention of Tax Incentives for Housing  
Submitted by: Justin MacDonald, Chairman, Federal Government Affairs  
Committee  
Jerry Konter, Vice Chairman, Federal Government Affairs  
Committee Adam Aschmann, Chairman, Taxation Subcommittee of  
the FGAC

WHEREAS, Congress is considering a major overhaul of the tax code in order to make the tax code fairer and simpler;

WHEREAS, eliminating or reducing any of the tax incentives for housing represents a tax increase on all 75 million homeowners and all 44 million renter households;

WHEREAS, homeownership strengthens the nation's communities and families, encourages participation in the political process, and helps provide a sense of security and well-being;

WHEREAS, it is in the best interest of the nation, both as social and economic policy, to encourage homeownership through a meaningful, conspicuous tax incentive;

WHEREAS, the homeownership tax incentives are a cornerstone of U.S. housing policy;

WHEREAS, the current tax code only allows taxpayers who itemize to claim the homeownership tax incentives;

WHEREAS, all recent tax reform proposals would dramatically decrease the number of taxpayers who itemize, thereby marginalizing these incentives;

WHEREAS, all recent tax reform proposals by both political parties have called for doubling the standard deduction, which would have the effect of reducing the number of homeowners with a mortgage who claim the mortgage interest deduction from 70 percent to 15 percent or less;

WHEREAS, marginalizing the mortgage interest deduction would also make it more vulnerable to complete repeal at a later date;

WHEREAS, other incentive mechanisms exist that can deliver a meaningful, conspicuous, and universal tax incentive for homeownership;

WHEREAS, energy efficiency is a major national policy focus and should be incentivized in the tax code;

WHEREAS, Congress enacted a \$500,000 (\$250,000 for singles) capital gains exclusion on the sale of a principal residence in 1997 in order to simplify the tax code;

WHEREAS, the current tax code exempts home builders from IRS requirements to submit estimated taxes owed prior to the sale of home, known as completed contract rules;

WHEREAS, without the completed contract rules home builders would require additional financing or equity in order to submit estimated taxes owed prior to the sale;

WHEREAS, the availability of tax-exempt borrowing is essential for state and local governments to finance needed infrastructure improvements, mortgage revenue bonds for owner occupied housing, and exempt facility bonds for low-income rental housing;

WHEREAS, tax incentives for rental homes ensure all Americans also have the option to rent;

WHEREAS, the Low-Income Housing Tax Credit is the most successful affordable rental housing production program in U.S. history, with typically 75,000 units produced annually;

WHEREAS, additional resources are needed to meet the rental housing affordability crisis, as one in four renters are now considered severely cost burdened, meaning they spend more than half their income on rent; and

WHEREAS, current tax rules allow rental property to be depreciated on an accelerated schedule over 27.5 years rather than 39 years, lowering the cost of providing rental housing, which can be passed on to renters,

NOW, THEREFORE, BE IT RESOLVED that the National Association of Home Builders (NAHB) reaffirm that the tax code should include incentives to make the American dream of homeownership a reality for a substantially greater group of Americans across the entire income spectrum and also promote affordable apartment homes, including most critically:

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1. A homeownership tax incentive that reflects the costs of homeownership, such as mortgage interest and local property taxes;
2. Tax incentives for remodeling, including energy efficiency tax credits;
3. The tax exemption for interest on mortgage revenue bonds for owner-occupied housing and exempt facility bonds for low-income renter-occupied housing;
4. The exclusion of capital gains on the sale of a principal residence;
5. The low-income housing tax credit, along with additional resources to meet the affordability crisis;
6. Appropriate cost-recovery periods for rental housing;
7. The completed contract rules.

BE IT FURTHER RESOLVED that NAHB strongly urge Congress to oppose any tax revisions that do not take into account the special importance of housing to the economy and the stability of neighborhoods and communities.

Board of Directors Action:

*This resolution was approved at the Fall Executive Board Meeting held October 3, 2017. As per the NAHB Bylaws, this policy must be ratified by the NAHB Board of Directors at the next meeting.*