

NAR Issue Summary

Federal Tax / Affordable Housing Preservation -- Exit Tax

NAR Committee:

Federal Taxation Committee

What is the fundamental issue?

The tax system creates impediments to the preservation of government-financed or government-supported affordable housing projects. The impact of those impediments is that owners of these properties are unable to continue operating the properties as affordable housing. The tax impediments are known as the "exit tax."

I am a real estate professional. What does this mean for my business?

The real estate professionals with the greatest stake in the retention of low-income housing rental stock are the property managers. They have a significant interest in assuring adequate capital to maintain the quality of rental housing, irrespective of the tenant mix. All Realtors and real estate investors have an interest in securing low capital gains rates and depreciation recapture relief. Realtors committed to affordable housing will find that properties can be transferred more readily and that existing properties may be more easily recapitalized and renovated as part of the affordable housing stock if the legislation were adopted.

NAR Policy:

NAR supports incentives for the development and maintenance of affordable housing. NAR's current policy supports low capital gains taxes, elimination of discriminatory depreciation recapture rules and preservation of like-kind exchanges, but makes no statement concerning the tax-free transfer of low-income housing and/or creation of special tax-exempt entities. NAR also supports full funding of the Section 8, Section 236 and rural housing Section 515 programs.

Opposition Arguments:

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Legislative/Regulatory Status/Outlook

This legislation was not actively considered during the 2007 or 2008 sessions of Congress.



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Current Legislation/Regulation (bill number or regulation)

No actions at this time.

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