

NAR Issue Summary

Federal Tax / Affordable Housing Tax Credit

What is the fundamental issue?

No federal tax incentives are currently available to expand the supply of affordable housing available for purchase by lower-income individuals. Since taking office, however, President Bush has repeatedly proposed a tax credit for developers and investors who construct or rehabilitate affordable housing. The proposal has had broad bipartisan support.

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

Increasing the supply of affordable and entry-level housing will spur additional transactions and, more importantly, will enable more families of modest means to become homeowners. Homeownership strengthens communities and is an important mechanism for creating family wealth. The credit is designed to protect against abuses. It has the support of more than 40 organizations and has, in the past, been sponsored by a majority of the House and Senate and a majority of each tax writing committee.

NAR Policy:

NAR supports incentives to increase the supply of affordable single family housing.

Opposition Arguments:

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Legislative/Regulatory Status/Outlook

The substantial cost of this legislation -- \$16 billion over 10 years -- has consistently foreclosed opportunities to consider it in any legislation. Bill supporters have identified several ways to reduce the cost without undermining the utility of the credit. As yet, however, no vehicle has emerged that would generate discussion of those possible changes.

Current Legislation/Regulation (bill number or regulation)

No actions at this time.

Legislative Contact(s):

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Regulatory Contact(s):

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