

## MEMORANDUM

**DATE:** November 5, 2009  
**TO:** All NAHB Members and Executive Officers  
**FROM:** Joe Robson, 2009 NAHB Chairman  
**RE:** A Major Victory on Home Buyer Tax Credit and NOLs

In a major victory for NAHB that will boost the fledgling housing recovery and help struggling business owners nationwide, Congress today approved legislation that will extend the first-time home buyer tax credit beyond its Nov. 30 deadline and expand it to a wider group of home buyers. The bill also provides relief to cash-strapped home builders by providing broader tax benefits for businesses with net operating losses (NOLs).

The legislation, which will be signed into law shortly by President Obama, will extend the \$8,000 credit for first-time home buyers for sales contracts entered into by April 30, 2010 and closed by June 30. Further, it has been expanded to include a new \$6,500 credit for owners of existing homes who are purchasing a new primary residence. An existing home owner can claim the \$6,500 tax credit if they have been residing in their primary residence for five consecutive years out of the last eight.

In more good news, the income eligibility limits to claim the full credit amount for both groups of home buyers have been raised from \$75,000 for single taxpayers and \$150,000 for married taxpayers filing a joint return to \$125,000 for individuals and \$225,000 for married couples. NAHB's consumer-oriented Web site, [federalhousingtaxcredit.com](http://federalhousingtaxcredit.com), will provide complete details on the enhanced home buyer tax credit after the bill is signed into law by the President.

For NOLs, the new law will allow all businesses -- regardless of size -- with operating losses in 2008 or 2009, not both, to claim refunds on taxes paid up to five years ago. Businesses can offset 100% of taxable income with NOLs carried back in years one through four and offset 50% of income in year five. Small businesses with less than \$15 million in gross receipts would be able to claim a five-year carryback for 2008 losses under the American Recovery and Reinvestment Act and for 2009 losses under the new law. The new net operating loss provisions will throw a lifeline to struggling businesses, allowing them to continue making payrolls, paying business loans and otherwise keep their doors open until the economic recovery takes hold.

### **Last Action on the Home Buyer Tax Credit**

Even as Congress neared completion on the legislation, proponents made it perfectly clear that the home buyer tax credit would not be extended when it expires next year. Sen. Johnny Isakson (R-Ga.), a long-time champion of the home buyer tax credit, said: "This is the last extension of the home buyer tax credit. Tax credits like this only work by creating the sense of urgency to take advantage of it, and to bring the market back."

On the floor of the Senate, Finance Committee Chairman Max Baucus (D-Mont.) said that, "It's important that this tax credit does not become a permanent fixture in the tax code. Our amendment would end the credit on April 30 of next year. This extension would get us through the winter -- traditionally the worst season for real estate. Our amendment would jump-start the housing market as it enters the summer months of 2010." Baucus added that the seven-month

extension of the tax credit would be “long enough to encourage home buyers to buy homes, but it’s short enough to remain fiscally responsible.”

### **A Federation-Wide Effort**

This legislation is the result of months of determined effort by the entire NAHB federation. This summer, NAHB instituted a “Revive Housing, Restore America” campaign calling on Congress to extend the home buyer tax credit’s Nov. 30 expiration date and expand its eligibility to more buyers, to provide net operating loss carryback relief for all businesses, and to urge regulators to resolve credit and appraisal problems that have been hampering a housing recovery.

In the interim, NAHB has worked tirelessly to make this a reality. On the legislative and grassroots front, our lobbyists have been in continuous contact with House and Senate congressional leaders and encouraging action on several fronts to achieve our housing priorities. We have testified before Congress on several occasions on the need for lawmakers to act quickly on the tax credit and our other housing priorities and warned lawmakers that a failure to act quickly could derail the fragile housing recovery even before it has time to take hold.

During key stages of the campaign, we activated our grassroots network to meet with their lawmakers when they were in their home districts and to visit them on Capitol Hill. We have inundated congressional offices with more than 10,000 e-mails and 1,500 phone calls urging senators and representatives from both parties to extend and expand the home buyer tax credit to create jobs, spur home sales, reduce foreclosures, stabilize home values and push housing and the economy to higher ground.

NAHB’s Economics and Housing Policy experts crunched the numbers and estimated the economic impacts of the proposals. This information, particularly the number of jobs and home sales created by extending and enhancing the home buyer tax credit, was circulated among lawmakers and quoted widely in the media. It made a compelling argument for our case.

### **A Housing Coalition Second to None**

To help get this vital legislation across the finish line, NAHB worked with the National Association of Realtors and Mortgage Bankers Association during the past few months to form the most powerful coalition to speak for our industry. Our joint lobbying, grassroots and public relations efforts were heard loud and clear by Washington policymakers.

Appearing at the same Senate Banking Committee hearing, our three organizations brought different perspectives in testifying on the urgent need to take action on the home buyer tax credit. We also sent a joint letter to the Obama Administration calling for the tax credit to be extended and made available to all purchasers of a principal residence.

On the public relations front, NAHB and the National Association of Realtors recently ran a [page ad](#) in the Wall Street Journal and USA Today calling on Congress to extend and expand the home buyer tax credit to create jobs and put America back to work. To bolster this message to Congress, NAHB, the Realtors and the Mortgage Bankers Association for the past several weeks ran a series of joint advertisements in the Capitol Hill publications Roll Call, Politico, CQ

Weekly, the National Journal and The Hill with the message, “ : [Don't Let America's Real Estate Recovery Expire.](#)”

### **Local Builders Lend Their Voices to Our Effort**

To further increase public awareness on our housing priorities, NAHB during the past several weeks conducted several regional teleconferences with builders across the nation to generate media attention for our campaign goals. Builders provided perspectives on their individual housing markets and the urgent need for congressional action on the home buyer tax credit and other important housing initiatives. EOs, HBA presidents and other builder constituents across the country utilized NAHB's resources at [.nahb.org/ReviveHousingNow](http://.nahb.org/ReviveHousingNow), a one-stop site that contains information to call or e-mail your members of Congress, print ads, op-ed letters for use in local newspapers and more.

Our national media outreach has also been quite successful. NAHB CEO Jerry Howard conducted a New York media tour in mid-September, where he discussed the need to extend the home buyer tax credit with reporters at the Wall Street Journal, the New York Times and CNN/Money. He delivered the same message in interviews with Fox Business News and Bloomberg Television. Other major media outlets in recent weeks have reported on NAHB's housing priorities, including CNBC, U.S. News & World Report, MarketWatch, AP, Reuters, The Today Show, The Washington Post, the Chicago Tribune and the Baltimore Sun.

Across the nation, 16 op-eds in 11 states were published in favor of NAHB's position on extending the tax credit, including nine that were placed by local HBAs. Our locals proved very adept at promoting media coverage to push our campaign goals. A prime example was a YouTube video by the HBA of Kansas, which has attracted a great deal of attention on the Web and was sent by the HBA to their representatives in Congress.

NAHB Public Affairs has worked diligently to promote the tax credit to consumers. Our Web site at [.federalhousingtaxcredit.com](http://.federalhousingtaxcredit.com), which provides detailed information on the tax credit compiled by the NAHB Economics and Housing Policy team, has attracted five million visits so far, and we've charted thousands of followers on Twitter, FaceBook and YouTube combined. To further generate public interest, NAHB created a consumer-focused Web site at [.ReviveHousingNow.com](http://.ReviveHousingNow.com) to urge potential buyers to contact their lawmakers and ask them to extend the home buyer tax credit.

The actions listed above highlight our efforts to get this legislation passed and certainly demonstrate the value of NAHB to our membership. On an issue of enormous importance to the housing industry, the entire NAHB federation has worked together to get the job done. I want to thank everyone for their hard work. Together, we have made a difference for our industry.