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Committee on Finance

The Real Estate Market: Building a Strong Economy

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Written Statement

I. Overview

On behalf of the approximately 250,000 members of the National Association of Home Builders (NAHB), thank you for the opportunity to submit testimony for the hearing entitled, *The Real Estate Market: Building a Strong Economy*. This statement is divided into two sections. First, it provides background on the key factors involved in the current housing crisis and, second, makes several policy recommendations for addressing this crisis and restoring housing as an engine of the economy.

The U.S. housing market now is in the contraction phase of the most pronounced housing cycle since the Great Depression. Single-family housing starts already are down by 60 percent from their peak at the beginning of 2006, and the bottom is not yet in sight. This dramatic contraction has exacted a heavy toll on economic growth and employment during the past two years, and now has pushed the U.S. economy to the brink of recession.

The adverse economic impacts of the housing contraction involve not only sharp declines in home sales and housing production, but also depressing effects of falling home prices on household wealth and mortgage credit quality. These events have provoked an alarming surge in mortgage foreclosures that have cut into the homeownership rate. Further, events have seriously damaged financial institutions holding mortgage assets, as well as companies that provide mortgage credit enhancement.

The pronounced decline in mortgage credit quality first became evident in the subprime mortgage sector last year, and that debacle triggered a stampede toward credit quality in national and global credit markets. This process has essentially shut down or seriously damaged a wide range of securities markets, including major components of the mortgage securities markets in the U.S. As these markets seized up, credit demands shifted back toward depository institutions here and abroad. But lending standards at commercial banks have tightened substantially since last summer, including standards for all types of conventional home mortgage loans, as banks have sought to control loan volume and loan quality and to conserve scarce capital.

With private securities markets in disarray and banks retrenching, a bona fide credit crunch is underway. This credit crunch actually appears to be worsening despite the concerted efforts of central banks here and abroad. The Federal Reserve has been easing monetary policy aggressively since last fall, and our central bank probably will do more in the near future. These actions have improved the functioning of short-term money markets, including the interbank markets, but the Fed has not been able to relieve strains in longer-term credit markets; indeed, long-term Treasury yields have shifted up recently.

The recently enacted *Economic Stimulus Act of 2008* may keep the economy out of recession this year, or at least limit the severity of recession, and NAHB applauds Congress for passing this important legislation. By its nature, this stimulus package is short-lived and does not address the deep problems posed by the housing contraction that are at the root of today's economic and financial market problems. Congress can, and should, do more.

Some have argued that the best way to bring the housing market into balance is to permit housing prices to fall in an uncontrolled fashion over a short period of time. However, this path of adjustment would most likely cause substantial collateral damage to the economy, to financial markets and to America's homeowners. Policymakers should not take that risk. A second round of economic stimulus is urgently needed as a complement to monetary policy adjustments. This time, stimulus measures should be directed squarely at the housing sector--the sector that is at the root of the challenges facing the economy and the financial markets.

It is worth noting that the commercial real estate market typically follows the housing cycle with about a one-year lag, and serious signs of trouble now are cropping up on the commercial side. The commercial mortgage-backed securities market was inactive in January, prices of outstanding commercial mortgage securities have been in retreat, and new contracts for commercial projects have been falling for about six months. Policies to stabilize the housing market could pay dividends by helping to limit the commercial real estate downswing.

II. The Housing Crisis

The Big Picture and Housing's Role

Growth of U.S. economic output (real Gross Domestic Product) slowed to a meager 0.6 percent annual rate in the final quarter of 2007, according to the "advance" estimate released by the Commerce Department on January 30, and data received since then do not point toward upward revisions (the "preliminary" fourth-quarter estimate will be released on February 28). The weakest parts of the economy in the fourth quarter were sectors affected directly or indirectly by the housing downswing. Residential fixed investment fell at an annual rate of 23.9 percent, the steepest decline yet in the 2-year downslide, and growth of personal consumption expenditures slowed to a 2 percent annual pace--presumably weighed down by loss of housing equity and by concerns about the course of house prices in many areas.

Available information for the early part of 2008 point toward further weakness in GDP growth for the first quarter of this year (NAHB is currently estimating 0.3 percent), and negative growth is a distinct possibility for this period. A very sobering signal was delivered on February 5 when the Institute for Supply Management (ISM) released its index of activity in the nonmanufacturing sector for January--covering construction and private services (including finance). The index plummeted to a recession-like level (compared with 2001) and, although an upward revision is possible, fundamental weakness at the beginning of 2008 undoubtedly is being conveyed by the ISM measure

The labor market also shows serious recent signs of weakness, largely because of job losses in residential construction and related areas (including housing finance). Total payroll employment actually fell slightly (17,000) in January as private payrolls were essentially flat while government payrolls declined. Furthermore, average weekly hours worked in the private sector contracted a bit, and aggregate hours worked in the nonfarm business sector contracted significantly--with negative implications for GDP growth in the first quarter.

The recent weakness of GDP, the labor market and the nonmanufacturing sector, along with systematic declines in the Conference Board's index of leading economic indicators since last fall, have stoked recession worries among financial market participants and policymakers in Washington. NAHB's baseline (most probable) forecast still says that the U.S. economy will avoid recession in 2008, although we believe there is a nearly-even chance of slipping into the red zone during the first half of the year. If so, the setback may be brief and shallow, due largely to the double-barreled dose of monetary and fiscal stimulus being applied to the economy, although a post-stimulus setback is a distinct possibility early next year.

By all rights, a pronounced slowdown in economic growth should relieve inflationary pressures in the economy, allowing long-term interest rates to recede as the Federal Reserve drops the short end of the yield structure. Unfortunately, inflationary impulses are coming from commodity markets (primarily food and energy), and "core" inflation measures also have moved up recently. The Consumer Price Index for January displayed such patterns and caused an upshift in bond and mortgage rates.

Upward pressure on long rates is the last thing that housing and the economy need at this time, and our central bank cannot ignore documented upward pressures on inflation. NAHB expects the slow pace of economic activity to relieve inflation during the months ahead and allow long-term rates to recede, although this outcome no longer feels certain.

Current State of the Housing Market

Housing data received during the past month have yet to signal near-term stabilization of the housing market. Sales of existing homes fell by 2.2 percent in December, reflecting declines in both single-family and condo markets, and eroded further in January. In the new-home market, sales were down by 4.7 percent in December, falling to a 15-year low. Unsold inventories are at near-record levels in the markets for both new and existing homes, as are inventory/sales ratios. Furthermore, the Commerce Department's quarterly measure of vacant year-round housing units for sale (whether new or existing) was at a record level at the end of last year, as was the measure of vacant units for rent.

The downtrend in housing starts through the end of last year naturally translated into further declines in measures of construction spending. Single-family construction (in nominal terms) fell by 5.4 percent in December and was down by 31 percent on a year-over-year basis. Multifamily construction also has been falling systematically, contracting by 1.9 percent in December and 20.6 percent on a year-over-year basis. Spending on improvements to residential structures (additions and alterations) was essentially flat during 2007 and accounted for a lofty 37 percent of total residential construction at the end of the year.

With respect to early indications for 2008, single-family starts and permits were down substantially in January while gross and net sales in NAHB's proprietary survey of large builders slid further in January.   NAHB's single-family Housing Market Index edged up only slightly in January and February from the record low in December. All of these indicators point to a still-unsettled housing market and uncertainty for the future.

Key Indicator – Home Prices

Housing wealth is the primary source of savings for most households and a key driver of consumer spending. If housing prices fall, homeowners' wealth decreases and consumer spending is negatively affected. As a result, households may decrease current consumption to offset the lost wealth. For these reasons, home prices are an important indicator of the state of the housing market and the potential direction of the overall economy. And, according to two different reputable independent measures, house prices have been weakening considerably in recent times.

The S&P/Case-Shiller National Home Price Index for the fourth quarter of 2007 was down by 9.8% (seasonally adjusted) from its peak in the second quarter of 2006, and the annualized rate of decline in the fourth quarter equaled 19.3%. Furthermore, all major metro markets in the S&P/C-S Composite 20 measure have been showing declines recently, and particularly large negatives are being recorded in markets that got seriously overheated during the earlier boom period and in parts of the industrial

Midwest suffering from chronically weak economic conditions--including Las Vegas, Phoenix and Detroit.

The House Price Index produced by the Office of Federal Housing Enterprise Oversight (OFHEO), the government regulator for Fannie Mae and Freddie Mac, also has been weakening recently. The national purchase-only measure for the fourth quarter of 2007 was down by 1.6% from its peak in the second quarter of last year and the annualized rate of decline in the fourth quarter came to 5.2%--the largest declines in the history of the series. The relatively small decline in the OFHEO price index, compared with the S&P/C-S index, largely reflects the greater stability in the prime, conforming mortgage market served by Fannie Mae and Freddie Mac.

Financial Market Stresses and Tightening Lending Standards

The financial market turmoil that erupted last summer still is a major problem for the U.S. economy. The severe liquidity problems in short-term funding markets have eased to some degree since late 2007, due partly to the Fed's new auctions of discount-window credit. The commercial paper market has improved in the process, particularly the battered asset-backed market, although this market still is not functioning normally.

Despite some easing of short-term liquidity issues, the stock market is being battered and the markets for longer-term credit remain under considerable strain. Quality spreads in corporate bond and mortgage markets still are quite elevated, and some components of the private securities markets are essentially shut down (including the subprime, Alt-A and jumbo mortgage securities markets). Only the markets with explicit or strongly implied federal government backing are functioning well, although even the spreads between yields on mortgages saleable to the secondary-market Government Sponsored Enterprises (Fannie Mae and Freddie Mac) and yields on comparable-maturity Treasuries have widened out a good bit since last summer.

It is clear that investors here and abroad have been traumatized by the realization of risks embedded in many of the securitized vehicles they hold, particularly those with U.S. subprime mortgage exposure, and they have turned extremely risk-averse--forcing down risk-free (government) interest rates but widening out quality spreads dramatically in private markets and shutting some down entirely. It will take considerable time for Wall Street to develop (and rate) transparent securitized investments that investors will accept. In the meantime, the banking system will have to take up a good bit of the slack in the credit creation process.

Mortgage interest rates are quite low at this time, at least on prime conventional conforming loans and FHA/VA mortgages. However, the Federal Reserve reports that bank lending standards are tightening considerably in all major components of the conventional home mortgage market--prime, subprime and "nontraditional" (including interest-only, payment-option, and Alt-A adjustable-rate loans). The Fed's January Senior Loan Officer Opinion Survey on Bank Lending Practices shows that standards have been tightening substantially for nearly a year on subprime and "nontraditional" mortgages, and standards started to tighten last fall on prime mortgages as well. Indeed, a net 41 percent of banks said they had tightened standards for prime loans in the quarterly report released last October, and that proportion was up to 53 percent in the January survey.

Credit conditions for home builders also have been tightening considerably. The Federal Reserve's January survey of bank lending officers showed that about 80 percent of banks had tightened lending standards on commercial real estate loans, including residential construction and land development loans, during the previous three months. NAHB's builder surveys also document serious tightening of credit conditions for construction and development loans since last fall, as banks have reduced allowable loan-to-value ratios and maximum loan sizes. Many banks also have required builders to pay down portions of outstanding land loans as appraisals have been reduced.

Action by the Fed and Congress

On January 22, the Federal Reserve announced 75 basis point cuts to both the federal funds rate and the discount rate. These definitely were "emergency" cuts, enacted just eight days prior to the next regularly scheduled meeting of the Federal Open Market Committee (FOMC). Indeed, this was the first inter-meeting cut since September 2001 (in the wake of 9/11/01) and the single largest rate cut in 24 years.

The January 22 FOMC statement cited weakening of the economic outlook (including deepening of the housing contraction) and deterioration of financial market conditions (other than short-term funding markets), and noted that appreciable downside risks to growth remained--even after the emergency rate cut. The statement also moved earlier inflation concerns well off to the sidelines.

The Fed cut short-term rates by an additional 50 basis points at the regularly scheduled FOMC meeting on January 30, bringing the cumulative reduction in the funds rate so far this year to a whopping 125 basis points. The FOMC statement once again cited considerable stress in financial markets, deepening of the housing contraction and softening in labor markets. Further, on February 14, Fed Chairman Bernanke testified on "The Economy and Financial Markets" before the Senate Banking Committee. Bernanke made it clear that the Fed has become increasingly concerned about mounting stresses in the financial system as well as increased downside risks to growth--stemming largely from ongoing deterioration in the housing market.

It is important to note that Federal Reserve interest rate cuts do not always translate into lower mortgage interest rates. Mortgage interest rates also include an inflation component, and if the markets believe that inflation will increase due to Federal Reserve policy changes, then mortgage interest rates will not decrease as a result of Fed action. This highlights the importance of Congressional action with respect to fiscal policy. Indeed, Chairman Bernanke has indicated that fiscal policy can serve as an important complement to Federal Reserve monetary policy.

On February 13, the President signed into law the *Economic Stimulus Act of 2008*. The centerpiece of this short-term stimulus package is $117 billion in rebates of personal income taxes, to be distributed starting in May and an acceleration of $51 billion of investment tax incentives. The bill also temporarily raised loan-sized limits for both the FHA mortgage insurance program and for conventional loans eligible for purchase by the secondary-market GSEs (Fannie Mae and Freddie Mac).

The personal income tax rebates and the business investment incentives figure to provide a bit of support to GDP growth in the second quarter and solid support in the second half of this year, most likely pushing growth a bit above trend in the third quarter. These effects naturally will dissipate early next year, making the economy vulnerable to relapse into a slow-growth or recessionary mode.

The temporary increases in loan-size limits for FHA and the GSEs (up to a maximum of about $730 thousand) are bound to help the housing market in high-priced areas (like California) to some degree. The increase for FHA affects virtually every place in the United States and will increase the number of homes eligible for an FHA mortgage by more than 10 million. It will take some time for the higher limits to be operational, of course, and it remains to be seen how much additional home buying will be simulated over the balance of the year. Further, the expiration of the higher loan limits at the end of the year will be a serious problem in the likely event that the private secondary market for jumbo loans is still not functioning properly.

What now for housing?

Key data on gross and net home sales, housing starts, building permits, residential construction activity and inventory overhang still paint a downbeat picture of the U.S. housing market. However, a few recent indicators contain glimmers of hope, at least with respect to the interest of prospective home buyers. Falling mortgage rates (at least in the prime market), falling house prices (at least in some places) and growing income (in most places) have combined to boost standard measures of housing affordability in recent months, including NAHB's Housing Opportunity Index. Furthermore, surveys of consumer sentiment conducted by the University of Michigan show that growing numbers of households believe that buying conditions have improved in recent months, because of lower mortgage rates and lower house prices.

The buyer traffic component of NAHB's monthly Housing Market Index (HMI) apparently hit a cyclical low last December. The traffic component edged up in January and moved up further in February--presumably reflecting the improvements in affordability and the brightening of consumer sentiment toward homebuying. The HMI components for current sales and sales expectations have yet to stage meaningful improvements, but perhaps the pickup in buyer traffic at least signals more positive "leanings" among prospective home buyers.

Despite recent glimmers of hope regarding the interest of prospective home buyers, it is obvious that the housing contraction still has substantial downward momentum and the housing market still poses major downside risks to the economic outlook. This situation cries out for a second stage of temporary economic stimulus, directed squarely at the sector that is at the root of the daunting problems facing the U.S. economy and the financial system.

II. The Need for Economic Stimulus Targeted at Housing: Recommendations

The case for housing stimulus is strong at this time. The record volume of vacant homes on the for-sale market inevitably will put persistent downward pressure on home prices for some time. If housing prices fall significantly, as many economists expect, then households spend less because they feel (and are) less wealthy. One key reason for reduced consumer spending is that housing wealth is the primary source of savings for most households. If housing prices fall, then homeowners' wealth decreases. As a result, households may decrease current consumption to offset the lost wealth.

According to a January 2007 report from the Congressional Budget Office (CBO), a 10 percent decline in housing prices from peak to trough – a conservative estimate of what many economists expect – would reduce consumption and ultimately subtract 0.4 to 2.2 percentage points from Gross Domestic Product (GDP) growth. Given that many economists expect meager growth in GDP this quarter, the CBO estimates indicate that falling housing prices can easily push the economy into recession. In dollar terms, the CBO report estimates that a 10 percent housing price decline would subtract $55 to $316 billion from GDP.

Continued downward pressure on home prices also further saps the quality of outstanding mortgage credit, making it even more difficult to refinance or restructure adjustable-rate mortgages that have encountered or are facing payment resets. These effects, in turn, will worsen the alarming upsurge in mortgage foreclosures; move even more homes onto the for-sale market, put even more downward pressure on house prices and mortgage quality; and stretch out the contraction in new housing production even further. This represents quite a feedback loop, with ominous potential consequences for the U.S. economy and the financial markets.

The contraction in the housing market also is having heavy direct effects on the national economy. In the fourth quarter of 2007, residential fixed investment (home building) subtracted 1.2 percentage points from real GDP growth. In January, when the entire economy lost 17,000 jobs, home building lost more than 28,000. Total homebuilding employment is down by 375,000 since the peak in February 2006, a decline of 10.9 percent, and further declines are inevitable during the months ahead. Furthermore, many home builders are now reporting substantial financial losses when only a few years ago they were generating jobs, providing local development and paying taxes.

With the above in mind, NAHB recommends the following tax policy changes for the consideration of the Finance Committee[1]:

1. Create a Tax Credit for the Purchase of a Home

House prices and inventories obviously are central to the outlook for the economy and the financial markets. Policies that stimulate home purchases in the immediate future can pay huge dividends. The biggest bang for the buck most likely would be provided by a temporary homebuyer tax credit. Indeed, the recent revival of interest among prospective buyers suggests that temporary credits could stimulate a wave of home buying that could quickly reduce excess supply in housing markets and halt the dangerous erosion of house prices and mortgage credit quality.

Tax credits for the purchase of a home would be very effective economic stimulus tool. They are a means of eliminating excess inventory, relieving some of the pressure on falling housing prices, and ending the waiting-on-the-sideline strategy some potential buyers have adopted in response to overly negative media stories concerning the future of the housing market. As Alan Greenspan noted in November of 2007, reducing inventory is critical for the health of the economy, and a tax credit would be the easiest and most cost-effective way to achieve this goal.

There are many models to which Congress can look when designing home buyer tax credits. The District of Columbia, for example, offers a $5,000 tax credit to first-time home buyers for the purchase of a new or existing home. A national first-time home buyer tax credit would stimulate buyer demand for households who do not have a home to sell, who are waiting on the sidelines until prices stabilize, and who now face greater housing affordability than a year ago. A temporary credit would be just the spark needed to move them into action. Furthermore, those who sell their existing homes to a first-time buyer will in turn purchase another home and spur additional economic activity.

Alternatively, in 1975, as a temporary stimulus measure related to excess housing inventory, the Congress established a tax credit for the purchase of a newly-constructed home.[2] The credit was well crafted in that it only applied to homes constructed by a certain date, thereby incentivizing sales of a

[1] NAHB has other recommendations in this area that within the jurisdiction of other Senate Committees.
[2] Section 208 of the Tax Reduction Act of 1975. P.L. 94-12.

defined number of homes on the market. In other words, the credit was a pure demand-side subsidy. At the time, the credit was equal to the lesser amount of 5 percent of the home price or $2,000, which, considering today's housing prices, is equal to $10,000. The credit was effective policy and well-targeted. According to the Census, new home sales totaled only 519,000 in 1974. In 1975, sales increased to 549,000, despite no significant change in interest rates. By 1976 health had been restored to the housing market as new home sales totaled 646,000. Housing starts double from 1975 to 1978.

There are many other possible policies for providing a tax credit for the purchase of a home beyond those described above. Several have already been introduced in the 110th Congress and NAHB applauds the efforts of the lead sponsors of these bills. For example, Senator Debbie Stabenow (D-MI) has introduced S.1988, legislation that provides for a temporary, a one-time refundable tax credit for first-time homebuyers of ten percent of the purchase price of a principal residence. Additionally, Senator Johnny Isakson (R-GA) introduced S.2566, a bill creating a one-time $15,000 tax credit for purchasers of a single-family principal residence that is a newly constructed home or a home in default or foreclosure purchased within a one year time period.

What is common among these tax credits for the purchase of a home is that they represent policies that increase housing demand, thereby enabling home purchases for families and fight falling housing prices, which threatens the economy as a whole. We recommend a targeted homebuyer tax incentive in order to maximize induced purchases. Attached to this statement is a chart that summarizes the Stabenow and Isakson credit proposals as well as the DC and 1975 credit models.

2. Expand the Mortgage Revenue Bond Program

The existing Mortgage Revenue Bond (MRB) program also offers a method of increasing housing demand. A special allocation of bonds to be used for either purchase or refinancing would be beneficial for housing. The MRB program allows state and local governments to issue tax-exempt debt that may be used to finance mortgages at below-market interest rates. Certain technical restrictions concerning the MRB program also could be made more flexible to enhance its use as an economic stimulus tool. These include the house price limits and the first-time home buyer requirement. Expanding the reach of the MRB program would allow it to have the largest effect, particularly for communities experiencing the possibility of a wave of foreclosures or an extreme excess of inventory. NAHB thanks the Senate Finance Committee for including this provision in its first economic stimulus package crafted just a few weeks ago. We especially appreciate the work of Senators Schumer, Kerry and Smith in this effort.

3. Expand the Net Operating Loss Deduction Carryback

Many home builders are now reporting financial losses when a few years ago they were generating jobs, providing local development and paying taxes. For home builders large and small the importance of the ability to claim and carry back net operating losses (NOL) deductions to years when significant taxes were paid cannot be overstated. The inability to do so will result in the need to either increase high-cost borrowing or further liquidate land and homes, which will only compound the existing inventory problem. The additional supply of homes and land on market for sale, of course, will put even more downward pressure on prices and further add to the housing crisis. Ultimately, the result of this will be more layoffs of workers and reduced development of communities.

Current law allows for a two-year carryback of NOLs, however, home builder losses began in 2006. Expanding the carryback of NOLs to five years when significant taxes were paid provides financial resources to the home building sector as well as all businesses to weather the economic downturn. Further, this will help businesses facing difficult economic decisions concerning employment and community development. Finally, an expansion of the NOL carryback simply allows businesses to accelerate their claim of NOL deductions that under present law would be claimed in the future. The need for these deductions today is critical. NAHB thanks the Senate Finance Committee for including this provision in its first economic stimulus package crafted just a few weeks ago. We especially appreciate the work of Senators Conrad and Smith in this effort.

4. Designate Housing an Eligible Investment for Tax-preferred Retirement Accounts

Existing rules for 401(k), IRA, and other retirement programs allow for alternative investments and allow emergency withdrawals, but withdrawals typically involve tax consequences and other penalties. A down payment remains the single largest hurdle for most first time homebuyers. Congress could increase capital available for a downpayment for the purchase of a home by allowing a downpayment to qualify as an eligible investment from tax-favored retirement accounts. Providing an investment opportunity to parents' or grandparents' tax-favored retirement accounts would open up a new source of funds for the first-time home purchaser. Housing wealth is the most important source of savings for most families, and the ability to move wealth from one asset (tax-favored retirement) to another (a home) should be an important part of any stimulus package.

Conclusion

NAHB appreciates the efforts of the Congress to pass economic stimulus legislation. Further, we applaud the Senate Finance Committee for focusing so closely on the crisis in the housing market during the first stimulus debate and continuing with this hearing. We urge the Senate and the Congress as a whole to refocus their attention on addressing both the weakness in the housing sector and stabilizing the nation's home builders, large and small, who keep this critical economic engine running. We believe the above recommendations are an excellent start. The nation's home builders will continue to work with Congress in the coming weeks and months to enact these recommendations that create additional, much-needed economic stimulus.

Attachment 1

Comparing Home Buyer Tax Credits							
Bill/Law	**Sponsor**	**Proposal**	**Credit amount**	**Sunset**	**Income Phaseout**	**Inflation Index**	**Analysis**
S. 1988	Senator Stabenow	Refundable first-time home buyer tax credit	$3000/$6000 (single/married)	No	Begins at 25% - $63,700 for married taxpayers	Yes	Must be principal residence. 35% to 40% of buyers are first time, meaning perhaps 1.75 million homebuyers qualify in 2008. Geographically dispersed impact.
S. 2566	Senator Isakson	Nonrefundable newly-constructed home buyer tax credit	$7,500/$15,000 (single/married)	Purchase from March 2008 to march 2009 - construction begins before Sept 2007	None	No	New home sales for 2008 expected to be less than 700,000. Concentrated impact for high inventory areas.
		Nonrefundable tax credit for purchase of home with mortgage in default or foreclosure completed	$7,500/$15,000 (single/married)	Purchase from March 2008 to march 2009 - mortgage default before March 1, 2008	None	No	Concentrated impact for high invetory areas.
Sec. 1400C	NA	Nonrefundable first-time home buyer tax credit for the District of Columbia	Purchase price (maximum $5000)	Expired at end of 2007	Phaseout begins at $70,000$110,000 for single/married taxpayers.	No	Used by about 3000 to 4000 buyers a year in DC.
1975 Credit Home Buyer	NA	Tax credit for purchase of newly constructed home	5% of purchase price: $2000 maximum ($10,000 in today's housing prices)	Purchase from March 1975 to end of year	None	No	519,000 new home sales in 1974. 549,000 in 1975 and 646,000 in 1976. Builder production doubled from 1975 to 1978 as market rebounded.