



**National Association of Home Builders**

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July 31, 2012

The Honorable Dave Camp  
Chairman  
Committee on Ways and Means  
United States House of Representatives  
Washington, DC 20515

Dear Chairman Camp:

On behalf of the more than 140,000 members of the National Association of Home Builders (NAHB), I am writing to voice our views on H.R. 8, the *Job Protection and Recession Prevent Act of 2012*, and H.R. 6169, the *Pathway to Job Creation through a Simpler, Fairer Tax Code Act of 2012*.

NAHB urges the House to pass H.R. 8. As many home builders are organized as pass-thru entities, extending for one year the expiring 2001 and 2003 tax cuts will block a massive tax increase from hitting our struggling small business owners. We also strongly support the current estate tax rate. While we would prefer to see the estate tax eliminated, the current rate and exemption amount eases the tax burden on family-owned businesses seeking to pass their business to the next generation.

Recent economic data suggest that housing is beginning to improve. Housing starts in June 2012 rose to 760,000 units, the highest rate of home construction since October 2008. Still, home building is at very low levels. Based on population growth and needs for replacing older housing stock, the long-run demand for housing starts should be between 1.5 and 1.8 million. To put this in perspective, if home building were operating at a normal level, there would be 3.3 million more jobs in home building and related trades.

Housing can be a key engine of job growth that this country needs. However, the recovery we are seeing remains fragile. As the rest of the economy is experiencing softening conditions, now would be the worst time to raise taxes. Again, we urge the House to pass H.R. 8.

Regarding H.R. 6169, the *Pathway to Job Creation through a Simpler, Fairer Tax Code Act of 2012*, NAHB supports the goal of many in Congress to reform the tax code. NAHB believes that lower rates, simplification, and a fair system will spur economic growth and increase competitiveness. And that is good for housing, because housing not only equals jobs, but jobs means more demand for housing. To foster that virtuous cycle for economic growth, we also believe strongly that you must look upon the homeownership tax incentives with caution.

Since most homeowners benefit from the mortgage interest deduction, and most of that benefit flows to younger, middle class families, any policy changes that make homeownership less accessible will likely diminish the financial success of future generations. Also, as owning a home is a significant means for savings for most homeowners, the capitals gains exclusion protects that investment. Without the mortgage interest deduction, NAHB believes that disparity in economic income would

increase, opportunities for younger Americans to move up the economic ladder would diminish, and the middle class would continue to shrink.

NAHB also supports policies that promote a healthy rental housing sector, including support for the Low-Income Housing Tax Credit, which was created as part of the *Tax Reform Act of 1986* and has become a successful public-private partnership that assists in the development of affordable housing.

Thank you for considering our views.

Sincerely,

A handwritten signature in black ink, appearing to read "James W. Tobin III". The signature is stylized and cursive, with the first name "James" being the most prominent part.

James W. Tobin III