

Resolution No.   1  

Date: February 6, 2007

City: Orlando, Florida

NAHB Resolution

Title:                               Housing Affordability  
Original Sponsor:               State Representatives

WHEREAS, the cost of producing homes has increased at a faster rate than the cost of meeting other human essentials;

WHEREAS, federal government resources and incentives supporting the preservation of the existing affordable housing stock and stimulating the production of additional affordable rental housing have not kept up with need, and the federal government provides inadequate direct support for affordable homeownership;

WHEREAS, state and local government resources supporting affordable housing are very small and insufficient to fill the gap left by the federal government;

WHEREAS, many state and local policies negatively impact housing affordability by increasing the cost of production, reducing the supply of available land and lengthening the time to obtain approvals;

WHEREAS, many states and localities have placed the burden of addressing affordable housing upon the home building industry, which shifts the cost of providing subsidy to home buyers or renters above the eligible income;

WHEREAS, the availability and affordability of housing is a critical element in the local economic health of a state or community; and

WHEREAS, there is little recognition of society's responsibility for fostering an environment of housing affordability for all residents and assisting in the provision of affordable housing,

NOW, THEREFORE, BE IT RESOLVED that the National Association of Home Builders urge Congress and the Executive Branch to place the highest priority on the 1949 National Housing Act, which states "that the general welfare and security of the nation requires the realization as soon as feasible of the goal of a decent home and suitable living environment for every American family";

BE IT FURTHER RESOLVED that NAHB urge state and local governments to acknowledge the societal responsibility for fostering housing affordability, to create an environment that preserves and produces affordable homes for all residents, to assess financial impacts of their regulation on housing affordability and to provide resources to fill the gap between production costs and housing consumers' ability to pay;

BE IT FURTHER RESOLVED that NAHB urge Congress and the Executive Branch to adopt a proactive role in achieving the 1949 mandate by increasing federal housing funds and programs, including block grants to state and local governments;

BE IT FURTHER RESOLVED that NAHB urge Congress and the Executive Branch to reduce existing funding levels under the Community Development Block Grant (CDBG) program and like kind federal programs to those states and local communities that fail to proactively reduce the regulatory burdens on the production of affordable housing or fail to increase the stock of affordable housing;

BE IT FURTHER RESOLVED that NAHB urge the business community to join in the effort to improve housing affordability so that it may attract and employ workers within the community in which they live and work;

BE IT FURTHER RESOLVED that NAHB recognizes that society as a whole has the responsibility to provide affordable housing and that NAHB oppose efforts to place the sole responsibility upon the home building industry and the consumers of new housing, and

BE IT FURTHER RESOLVED that NAHB host a symposium on housing affordability that will unite the efforts of federal, state and local governments; private businesses; and non-profit organizations to improve housing affordability by developing practical solutions and urging their adoption.

Board of Directors Action:	Approved
Joint Executive Board Action:	Recommends Approval
Resolutions Committee Action:	Recommends Approval
Land Development Committee Action:	Recommends Approval
Smart Growth Subcommittee of the Land Development Committee Action:	Recommends Approval
State and Local Government Affairs Action:	Recommends Approval
Multifamily Board of Trustees Action:	Recommends Approval
Federal Government Affairs Committee Action:	Recommends Approval
Housing Finance Committee Action:	Recommends Approval
Workforce Housing Subcommittee of the Housing Finance Committee Action:	Recommends Approval
State Representatives Action:	Recommends Approval

NAHB Resolution

Title: Treatment of Residential Real Estate in Financial Institutions  
Regulation  
Original Sponsor: Financial Institutions and Capital Markets Subcommittee of the  
Housing Finance Committee

WHEREAS, federally insured commercial banks and thrift institutions provide more than 90 percent of the loans for residential land acquisition, development and construction (AD&C);

WHEREAS, there are no other significant sources of residential AD&C credit;

WHEREAS, in the early 1990s, home builders faced a severe credit crunch as federal banking regulators issued warnings on the risks of real estate lending that did not appropriately distinguish among the different types of real estate loans, which historically have shown wide variations in credit performance;

WHEREAS, residential real estate loans, including home mortgages and residential AD&C loans, historically have experienced much more favorable credit performance than nonresidential real estate loans;

WHEREAS, in the initial efforts of federal banking regulators to revise bank capital requirements, residential AD&C loans were accorded the same capital treatment as nonresidential real estate loans with significantly higher historical default and loss experience;

WHEREAS, in recent years, the federal banking regulators have issued guidance and regulations intended to address the risk posed to banks and thrifts by real estate loans, especially the risk of the rapid growth and high concentration of real estate loans on bank balance sheets, often without noting that residential and nonresidential real estate loans carry significantly different risks; and

WHEREAS, data collected and reported by the federal banking regulators provide only limited details on loan activity and performance for the different types of real estate loans, making it difficult for the regulators to assess bank credit experience by real estate asset type,

NOW, THEREFORE, BE IT RESOLVED that the National Association of Home Builders urge the federal banking regulators to collect and report greater details on loan activity and performance by type of real estate loan; and

Resolution No. 2

Treatment of Residential Real Estate in Financial  
Institutions Regulation – February 2007

BE IT FURTHER RESOLVED that NAHB urge the federal regulators to appropriately distinguish among real estate assets having significantly different credit histories in their oversight and regulation of commercial banks and thrift institutions and, in particular, recognize the favorable historical credit performance of residential real estate loans.

Board of Directors Action:  
Joint Executive Board Action:  
Resolutions Committee Action:  
Housing Finance Committee Action:  
Financial Institutions and Capital Markets Subcommittee of the  
Housing Finance Committee Action:

Approved  
Recommends Approval  
Recommends Approval  
Recommends Approval  
Recommends Approval

Resolution No.    3

Date: February 6, 2007

City: Orlando, Florida

NAHB Resolution

Title:                                Repeal of Low-Income Housing Tax Credit 10-Year Rule for Existing Properties  
Original Sponsor:                Housing Credit Group of the Multifamily Board of Trustees

WHEREAS, State Housing Finance Agencies are increasingly allocating Low Income Housing Tax Credits (LIHTCs) for the preservation of affordable housing;

WHEREAS, many developers are turning to rehabilitation due to the high cost of land for new construction and the political and regulatory barriers;

WHEREAS, under Internal Revenue Code eligibility requirements for the LIHTC there must be a period of at least 10 years between the date of the developer's acquisition of the building and the date the building was last placed in service or substantially improved;

WHEREAS, the purpose of the 10-year rule is to prevent "churning" of properties for tax benefits by individual taxpayers;

WHEREAS, the Tax Reform Act of 1986 eliminated the benefits of property "churning" and therefore eliminated the policy justification for this rule;

WHEREAS, in addition to there being no rationale for it, the 10-year rule also inhibits investments in existing properties; and

WHEREAS, there are many vacant, blighted properties that could provide affordable housing if they received an allocation of LIHTCs,

Resolution No. 3

Repeal of Low-Income Housing Tax Credit 10-Year Rule for Existing Properties – February 2007

NOW, THEREFORE, BE IT RESOLVED that the National Association of Home Builders urge Congress to repeal the Internal Revenue Code Section 42(d) 10-year rule requirement for existing properties.

Board of Directors Action:	Approved
Joint Executive Board Action:	Recommends Approval
Resolutions Committee Action:	Recommends Approval
State & Local Government Affairs Committee Action:	Recommends Approval
Federal Government Affairs Committee Action:	Recommends Approval
Taxation Subcommittee of the Federal Government Affairs Committee Action:	Recommends Approval
Housing Finance Committee Action:	Recommends Approval
Multifamily Finance Subcommittee of the Housing Finance Committee Action:	Recommends Approval
Multifamily Board of Trustees Action:	Recommends Approval
Housing Credit Group of the Multifamily Board of Trustees Action:	Recommends Approval

## Addendum

**Title:** Improving the Low-Income Housing Tax Credit Program for the Production of New Affordable Housing  
**Resolution adopted:** (1/03, Resolution Number 7)  
**Committee with Primary Jurisdiction:** Millennial Housing Commission Working Group  
**Review Committees:** Housing Credit Group, Taxation Subcommittee, Multifamily Finance Subcommittee, Federal Government Affairs Committee, Housing Finance Committee and the Multifamily Board of Directors  
***(all the review committees approved the resolution)***

- The Housing Credit Group is requesting that the final resolve of the above listed resolution be rescinded and replaced by the proposed resolution.
- In the last few years, more Housing Finance Agencies are setting aside a portion of the low-income housing tax credit (LIHTC) allocation for preserving existing affordable housing.
- The existing restrictions on acquisition tax credits prevents LIHTC owners from rehabilitating dilapidated housing units.
- It also reduces tax credit developers' ability to receive an allocation of LIHTCs in areas of the country where the cost of land is prohibitive for providing affordable housing.

### Existing Resolution:

BE IT FURTHER RESOLVED that the National Association of Home Builders oppose the following:

- Amending the LIHTC statute to allow a property to receive an allocation of acquisition tax credits when it has changed hands within the previous 10 years, which would increase the use of the LIHTC for preservation to the detriment of new production activities.

### New Resolution:

NOW, THEREFORE, BE IT RESOLVED that National Association of Home Builders supports repealing the Internal Revenue Code Section 42(d) 10-year rule requirement for existing properties.

NAHB Resolution

Title: Criteria for Evaluating the Effects of Various Climate Change Proposals on Housing

Original Sponsors: Environmental Issues and Federal Government Affairs Committees

WHEREAS, controversy over the potential consequences of emissions of carbon dioxide, methane and nitrous oxides (Green House Gases or GHG) has resulted in an increasing number of proposals and strategies to reduce these emissions;

WHEREAS, Congress, with its recent formation of special committees and legislative proposals solely focused on energy use and global climate change, has signaled its intent to impose mandatory limits on GHG emissions;

WHEREAS, federal agencies have developed more than 50 volunteer programs such as the U.S. Department of Energy's Climate Challenge program and are encouraging industries to develop means to track, limit and reduce such emissions;

WHEREAS, many state and local governments have adopted or are considering adopting GHG reduction programs and strategies, such as Cool Communities;

WHEREAS, a number of other entities have initiated voluntary programs to demonstrate their commitment to reducing emissions from their activities, such as the American Institute for Architects (AIA) 2030 Challenge;

WHEREAS, inherent in all of these government and private efforts is increased pressure on the housing industry to participate;

WHEREAS, homes built today are more efficient than homes built 20 years ago and their energy use is largely controlled by the activities of their occupants;

WHEREAS, while many of the GHG proposals are still under development, the provisions affecting home builders will likely focus on increasing energy efficiency of home construction; on increasing the energy efficiency of home occupation through changes to building envelope and appliance standards; on switching to building materials that are thought to emit less GHG in production; and on changing current land-use policies to preserve open space, anticipate changes in natural systems (i.e., future flooding) and reduce vehicular travel; and

WHEREAS, NAHB has long advocated energy efficiency and housing affordability; has been committed to research, development and implementation of cost-effective building techniques; has vigorously advocated green building on a state and local level; and is developing a unified policy for evaluating GHG proposals to determine whether they can be supported,

NOW, THEREFORE, BE IT RESOLVED that the National Association of Home Builders (NAHB), predicated upon sound science, urge Congress, the Executive Branch and state and local governments, to the extent they believe GHG emissions are related to home construction, to focus efforts on encouraging market-driven improvements to resource- and energy-efficiency in housing; and to implement them, when it is economically feasible;

BE IT FURTHER RESOLVED that NAHB support green building programs that are based on the NAHB Model Green Home Building Guidelines or voluntary energy efficiency programs that are consistent with NAHB's criteria including, but not limited to, the Energy Star Program® for residential homes;

BE IT FURTHER RESOLVED that these two programs have already resulted in more than one million highly energy-efficient homes being built to date, and have sufficient provisions to provide regional flexibility based on state or local climate zones and existing building codes;

BE IT FURTHER RESOLVED that NAHB urge Congress, the Executive Branch and state and local governments, to the extent that they believe GHG emissions are related to the existing housing stock, to focus efforts on educating consumers and encouraging behavioral changes to reduce emissions through reduced energy usage and other means;

BE IT FURTHER RESOLVED that NAHB urge action to prevent federal agencies from using existing federal environmental laws (e.g., the Clean Air Act or Endangered Species Act) or their underlying regulatory regimes to curtail or direct future land-use activities as a means to reduce GHG emissions;

BE IT FURTHER RESOLVED that NAHB oppose any government actions that would dictate land-use patterns that are in conflict with market realities based on presumed reductions in energy and fuel use as a means of reducing GHG emissions in the transportation sector;

BE IT FURTHER RESOLVED that housing affordability issues must be considered as part of any plan to reduce GHG emissions from housing, and that any incremental increase in the cost of housing must be offset by corresponding incentives; and

BE IT FURTHER RESOLVED that NAHB assess its level of support for the various GHG proposals based upon each proposal's compatibility with NAHB's Model Green Home Building Guidelines and its ability to achieve the following objectives:

1. Stimulate market demand for, and encourage development, of cost-effective, environmentally friendly and energy- and resource-efficient construction;
2. Inform builders, remodelers, home buyers, and home owners about how to reduce GHG emissions through various construction techniques, modifications to existing homes or home operation and maintenance;
3. Allow for regional approaches to achieve energy-efficiency gains based on both climate zones and building codes, and

BE IT FURTHER RESOLVED that NAHB proactively seek to contribute to efforts to reduce GHG emissions by establishing a national green building program.

Board of Directors Action:	Approved
Joint Executive Board Action:	Recommends Approval
Resolutions Committee Action:	Recommends Approval
Public Affairs Committee Action:	Recommends Approval
Federal Government Affairs Committee Action:	Recommends Approval
Construction Codes & Standards Committee Action:	Recommends Approval
Energy Subcommittee of the Construction Codes & Standards Committee Action:	Recommends Approval
Green Building Subcommittee of the Construction Codes & Standards Committee Action:	Recommends Approval
Land Development Committee Action:	Recommends Approval
State and Local Government Affairs Committee Action:	Recommends Approval
Environmental Issues Committee Action:	Recommends Approval

Resolution No. 5

Date: February 6, 2007

City: Orlando, Florida

NAHB Resolution

Title: Property and Casualty Insurance  
Original Sponsor: Property Insurance Task Force

WHEREAS, home buyers in the United States depend on the availability of affordable property and casualty insurance in order to qualify for and secure a loan for the purchase of a home;

WHEREAS, since 2000 the average expenditure on U.S. home owner's insurance has increased by 48 percent and increases have been several times higher for many home owners in areas hit by recent hurricanes, which has significantly reduced housing affordability;

WHEREAS, the cost of property and casualty insurance is escalating at an even higher rate for multifamily properties and housing in areas where the risk of catastrophic damage from natural disasters is considered higher;

WHEREAS, seven of the 10 most costly natural disasters in the U.S. have occurred within the past four years, causing insurance companies to dramatically increase the cost of property and casualty insurance, increase the deductible for windstorm and earthquake damage and/or cease writing insurance in areas that have experienced catastrophic damage;

WHEREAS, events like Hurricane Andrew and the Northridge Earthquake, and more recently Hurricanes Katrina and Rita, have caused the reinsurance industry, which has traditionally been used to spread the risk assumed by individual insurance companies, to either reduce the availability or greatly increase the cost of reinsurance;

WHEREAS, catastrophic losses are not limited to California and the coastal states and have occurred in many non-coastal states in recent years and are expected to occur in the future;

WHEREAS, a mega-catastrophe could result in \$100 billion or more in damage that would exceed the capacity of private insurance and state catastrophe funds and require either a massive bailout by the federal government or greatly limit the ability of home owners and other property owners to rebuild; and

WHEREAS, the rapidly escalating cost of property and casualty insurance, reduced availability and higher cost of reinsurance, and inability of private insurance and state catastrophe funds to cover the damage from a mega-catastrophe threaten the ability of the U.S. to provide affordable housing for its citizens and rebuild quickly after natural disasters,

NOW, THEREFORE, BE IT RESOLVED that the National Association of Home Builders work with Congress to find a national solution to ensure the long-term availability of affordable and comprehensive property and casualty insurance to help home owners and multifamily property owners rebuild after catastrophic natural events in the United States.

Board of Directors Action:

Joint Executive Board Action:

Resolutions Committee Action:

Building Product Issues Committee Action:

Federal Government Affairs Committee Action:

Housing Finance Committee Action:

State & Local Government Affairs Committee Action:

Multifamily Board of Trustees Action:

Construction, Codes & Standards Committee Action:

Property Insurance Task Force Action:

Approved

Recommends Approval

Recommends Approval

Recommends Approval

Recommends Approval

Recommends Approval

Recommends Approval

Recommends Approval

Recommends Approval

Recommends Approval

Resolution No.    6

Date: February 6, 2007

City: Orlando, Florida

NAHB Resolution

Title: Nutrient Reductions to Improve Water Quality  
Original Sponsor: Home Builders Association of Virginia

WHEREAS, nutrient enrichment is one of the leading causes of poor water quality;

WHEREAS, Maryland, Pennsylvania, Virginia and the District of Columbia are under court order to reduce their pollution levels to enable the waters of the Chesapeake Bay to be removed from the impaired category by 2010;

WHEREAS, 40 percent of the nutrient input into the Chesapeake Bay comes from farmland;

WHEREAS, to reach this goal, the affected states and the U. S. Environmental Protection Agency have agreed to reduce annual loads of nitrogen pollution to the Chesapeake Bay by 110 million pounds by 2010 from a 2000 baseline;

WHEREAS, there has been significant progress in obtaining public funding to upgrade sewage treatment plants, which will achieve approximately 20 percent of the goal;

WHEREAS, the most cost-effective way to reach this goal is for farmers to implement Best Management Practices;

WHEREAS, absent significant improvements on the agricultural front the home building community may face increased controls on storm water runoff;

WHEREAS, absent significant reductions in nitrogen pollution there may be limits imposed on increased discharges from sewage treatment plants;

WHEREAS, the Home Builders Association of Virginia and the National Association of Home Builders support the use of Best Management Practices to comprehensively address all sources of water pollution as an alternative to mandated controls; and

WHEREAS, the Chesapeake Farmer Assistance & Clean Tributary Act (FACT) is expected to be introduced early in the 110<sup>th</sup> Congress to provide increased funding to assist farmers in implementing Best Management Practices,

Resolution No. 6

Nutrient Reductions to Improve Water Quality –  
February 2007

NOW, THEREFORE, BE IT RESOLVED that the National Association of Home Builders support legislative solutions promoting increased funding and incentives for farmers and other landowners to implement Best Management Practices, including those that facilitate nutrient trading and encourage development of innovative technology, thereby reducing nutrient input into the Chesapeake Bay and its rivers as well as other nutrient impaired waters of the United States.

Board of Directors Action:  
Joint Executive Board Action:  
Resolutions Committee Action:  
Land Development Committee Action:  
Environmental Issues Committee Action:  
Federal Government Affairs Committee Action:

Approved  
Recommends Approval  
Recommends Approval  
Recommends Approval  
Recommends Approval  
Recommends Approval

Resolution No.    7

Date: February 6, 2007

City: Orlando, Florida

NAHB Resolution

Title: Natural Hazards Mitigation  
Original Sponsor: Property Insurance Task Force

WHEREAS, recent hurricanes and earthquakes have resulted in catastrophic property damage that has reduced the availability of affordable property and casualty insurance for home owners and multifamily property owners;

WHEREAS, there has been a 150% increase in the U.S. coastal population since 1960, and this migration to hurricane-prone coastal regions is expected to continue, putting more people and their homes in harm's way;

WHEREAS, there has been substantial population and property growth along the West Coast and in central states located along the New Madrid fault, where there is a high risk of significant earthquake damage;

WHEREAS, cost-effective requirements for natural hazards mitigation have the potential to reduce the damage to housing from severe natural events;

WHEREAS, the insurance industry and federal agencies have been advocating the adoption of more stringent and costly mitigation requirements in national model building codes to help reduce the payout of claims and disaster assistance resulting from severe natural events like hurricanes, hailstorms and earthquakes;

WHEREAS, home buyers and renters/owners of multifamily housing are often being asked to bear the added cost of natural hazards mitigation requirements in the construction of new housing without the benefit of a reasonable payback in terms of lower insurance rates and/or other incentives; and

WHEREAS, the national model building codes have traditionally provided for the safety of building occupants from extremely infrequent natural events such as high magnitude earthquakes and extremely powerful hurricanes and have recognized that the elimination of property damage for such events is neither cost-effective nor reasonably achievable for residential construction,

NOW, THEREFORE, BE IT RESOLVED that the National Association of Home Builders support amendments to national model building codes and industry standards for the purpose of mitigating property damage to residential construction from natural disasters that are demonstrated to be cost-effective and affordable, and

BE IT FURTHER RESOLVED that NAHB, for the purpose of mitigating property damage from natural hazards, define an increase in residential construction requirements to be cost-effective and affordable only if, through a reduction in insurance rate, a tax credit and/or other incentive:

1. A buyer of a home who qualifies to purchase the home before the increase in construction requirements would still qualify to purchase the same home after the cost of the natural hazards mitigation features has been added to the purchase price; and
2. The principal, interest, taxes and insurance payment will be no greater after the inclusion of the cost of the natural hazards mitigation features than before.

Board of Directors Action:

Joint Executive Board Action:

Resolutions Committee Action:

Building Product Issues Committee Action:

Housing Finance Committee Action:

State & Local Government Affairs Committee Action:

Federal Government Affairs Committee Action:

Multifamily Board of Trustees Action:

Construction, Codes & Standards Committee Action:

Property Insurance Task Force Action:

Approved

Recommends Approval

Recommends Approval

Recommends Approval

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