

Resolution No. 4

Date: May 12, 2006

City: Washington, D.C.

NAHB Resolution

Title: Use of Mortgage Revenue Bonds for Workforce Housing
Original Sponsor: Housing Finance Agency Directors Working Group and Workforce
Housing Subcommittee of the Housing Finance Committee

WHEREAS, funds received by state Housing Finance Agencies (HFAs) from the sale of tax-exempt bonds are a key source of funding for affordable, below-market-rate mortgage loans for home buyers who would otherwise be denied the opportunity to achieve homeownership;

WHEREAS, the Internal Revenue Code (Code) establishes the requirements that these bonds must meet to be considered “qualified mortgage bonds” along with the requirements to which HFAs must conform when issuing bonds, the interest on which is tax-free to investors;

WHEREAS, qualified mortgage bonds are commonly known as Mortgage Revenue Bonds (MRBs);

WHEREAS, without MRB-funded loans, teachers, first responders, municipal workers and service sector employees may not be able to afford to purchase homes in or near the communities in which they work, even if these families previously owned homes elsewhere;

WHEREAS, under the Code’s first-time home buyer requirement, borrowers who receive MRB-funded loans may not have owned a home during the preceding three years, except homes purchased in targeted areas suffering from chronic economic distress;

WHEREAS, the Code also requires that a borrower’s family income not exceed 115 percent of the median income for families of similar size, and the purchase price of a home may not exceed 90 percent of the average price for homes in the area; and

WHEREAS, the family-income and home-price eligibility requirements serve as sufficient constraints to maintain the MRB program’s focus on serving buyers of modest homes,

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NOW, THEREFORE, BE IT RESOLVED that the National Association of Home Builders urge Congress to repeal the first-time home buyer requirement for home purchase loans being funded through the sale of Mortgage Revenue Bonds (MRBs) in order to facilitate the use of MRB-funded loans for workforce housing.

Board of Directors Action:

Executive Board Action:

Resolutions Committee Action:

Federal Government Affairs Committee Action:

Taxation Subcommittee of the Federal Government Affairs Committee Action:

Housing Finance Committee Action:

Workforce Housing Finance Subcommittee of the Housing Finance Committee Action:

Single Family Finance Subcommittee of the Housing Finance Committee Action:

Approved

Recommends Approval

Recommends Approval

Recommends Approval

Recommends Approval

Recommends Approval

Recommends Approval

Recommends Approval