

## On the Hill

Carrots versus sticks are the way to bring green into the mainstream.



I've been saying for months now that green building is a bright spot in a generally flat housing market. Here in Austin, Texas, for instance, I've never been busier.

If that is true for you as well, perhaps you haven't been paying close attention to the debate raging on Capitol Hill regarding tax incentives for energy-efficient homes. Under the current law, builders who construct a home certified to achieve a 50 percent reduction in energy use are eligible to receive a \$2,000 tax credit. That credit is set to expire at the end of this year, and although pending legislation in the House and Senate would extend it, there is still no agreement between the two chambers over how to pay for it—and if they can't agree on the right budgetary offsets, it's not going to happen.

Now, I don't think any of us would knowingly turn down a gift of \$2,000, but some of us do anyway. There are some home builders who believe it's not worth the paperwork required to get the tax credits that they would be due. Other builders, especially smaller ones, have a hard time achieving that 50 percent threshold in a cost-effective way.

But carrots always work better than sticks. The National Association of Home Builders has always supported voluntary programs to encourage innovation. So at the end of April, NAHB sent a representative to Washington to push for the tax credit incentive, suggest ways to improve it so more builders will participate, and enact measures to shore up the housing market and keep homeowners in their homes.

Calling green building "the next evolution in residential construction," Michael Hodgson, president of the consulting firm ConSol, told Congress that the best way to help small home builders promote residential energy efficiency and sustainability technology in home

construction is by extending tax incentives for new energy-efficient homes.

Testifying before the House Small Business Committee, Hodgson said these incentives dovetail with the normal supply and demand for home construction. "A tax credit program leaves important production decisions in the hands of builders, buyers, and home owners and does not require expensive administrative oversight that is usually associated with a mandate," he said.

"Unless Congress can end the political debate and extend this credit soon—with or without offsets—it will be a tremendous loss for many small businesses as well as homeowners and will eliminate the only federal incentive for efficiency in new homes," he added. ConSol verifies homes for California Green Builder and other energy-

interest in climate change and global warming," Hodgson told Congress. "We have been ahead of the curve in promoting and developing energy-efficient and environmentally friendly construction techniques for the mainstream home builder." Hodgson also called on Congress to move quickly to enact a housing stimulus package that will jump-start housing, save jobs, and restore consumer confidence. He told the committee members that the country needs a temporary home buyer tax credit. A provision in House bill H.R. 5720, for instance, could shore up home prices by stimulating sales and reducing excess inventory in housing markets.

NAHB also wants a net operating loss deduction carryback expansion. Allowing companies to carry back net operating losses beyond the current two years would help all hard-hit businesses, including financial institutions and manufacturers, to weather the economic storm, make their payrolls, and emerge from this downturn in a position to grow.

NAHB would also like to see an extension of the mortgage revenue bond program, Hodgson said. This would help struggling home owners seeking to refinance their loans and would be especially useful for communities trying to avoid a wave of foreclosures or an extreme excess of inventory. Our members are doing their part by looking at the big picture—creating energy-efficient homes for the future and for the benefit of all. All we need is for Congress to come through in the short haul.

*Ray Tonjes is the chairman and founder of Ray Tonjes Builder, a custom construction company in Austin, Texas. He is also chairman of the National Association of Home Builders' Green Building Subcommittee. His company is an active member of the City of Austin Green Builder Program.*



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efficiency programs.

It's important to remind our local, state, and federal government officials that we are in this together. The home building industry, and NAHB in particular, is committed to the advancement of green building techniques that reduce energy consumption, improve environmental quality, and conserve water and natural resources in both new and existing homes. That's why we started the NAHB National Green Building Program, including the certification and verification services provided through the NAHB Research Center, the Certified Green Professional designation for members of the home building industry, and the NAHB National Green Building Conference, celebrating its 10<sup>th</sup> anniversary this year.

"NAHB members are leaders in the green building movement and were active on this effort long before the recent media