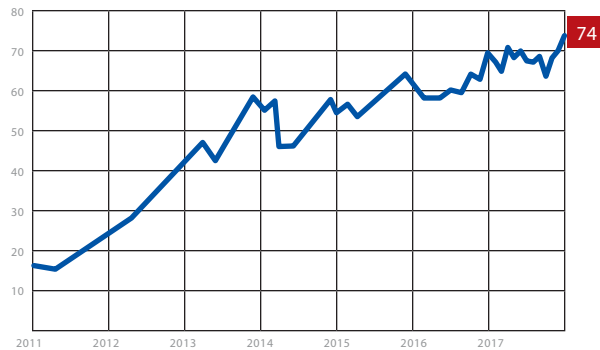
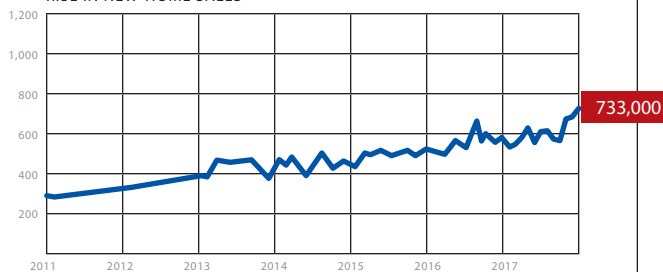


HOUSING MARKET SNAPSHOT

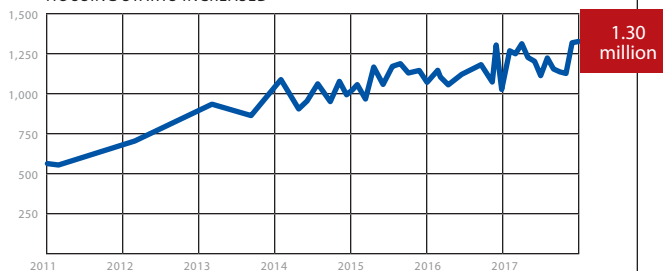
BUILDER CONFIDENCE GREW



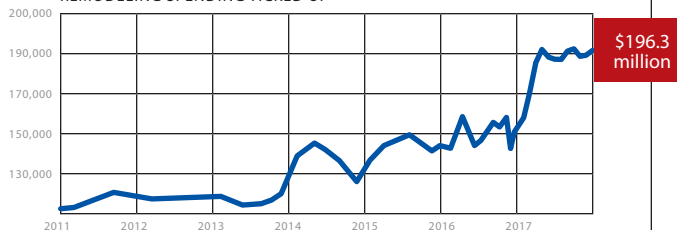
RISE IN NEW-HOME SALES



HOUSING STARTS INCREASED



REMODELING SPENDING TICKED UP



Builder confidence increased by five points to 74 in December, according to the NAHB/Wells Fargo Housing Market Index. Housing starts from October to November increased 3 percent, based on seasonally adjusted annual rates, and new-home sales rose 17 percent. Remodeling spending in November increased 1 percent to a seasonally adjusted annual rate of \$196.3 million.

ON THE NEW TAX REFORMS

The tax reform bill signed into law by President Donald Trump on Dec. 22 will provide tax relief for hard-working families and create a more favorable tax climate for small business. The National Association of Home Builders (NAHB) worked hard to make sure the final bill included key provisions that support the housing industry, such as the real estate exception to the business interest deduction, private activity bonds, and the capital gains exclusion.

The Tax Cuts and Jobs Act took effect for the tax year that began Jan. 1, 2018. Major provisions of the law include:

Mortgage interest deduction. Retains the mortgage interest deduction and the deduction for second homes but reduces the mortgage interest cap from \$1 million to \$750,000.

State and local property taxes. Allows taxpayers to deduct up to \$10,000 of state and local taxes, including property taxes and the choice of income or sales taxes.

Capital gains exclusion. Maintains existing law that allows homeowners to exclude up to \$250,000 (or \$500,000 for married couples) in capital gains on the profit from the sale of a home if they have lived in the house for two of the last five years.

Private activity bonds (PABs). Retains PABs, which will enable the Low-Income Housing Tax Credit to maintain its effectiveness as the most indispensable tool for the production of affordable housing.

Alternative Minimum Tax. Eliminates the Alternative Minimum Tax (AMT) for corporations and increases the AMT exemption amounts and phase-out thresholds for individuals.

Pass-through deduction. Allows most home builders with pass-through income to deduct up to 20 percent of that income based on wages or on wages plus a capital element.

Business interest deduction. Provides the taxpayer a choice of making a one-time election for a deduction limited to 30 percent of adjusted gross income or, for real estate, a 100 percent deduction for business interest but with certain trade-offs.

Estate tax. Doubles the estate tax exemption.

Carried interest. Retains existing carried interest rules, but assets must be held for three years.

Individual tax brackets. Retains seven tax brackets, with rates ranging from 10 percent to 37 percent.

Home equity line of credit. Eliminates the deduction for interest on home equity loans. [PB](#)

ABOUT NAHB: THE NATIONAL ASSOCIATION OF HOME BUILDERS IS A WASHINGTON, D.C.-BASED TRADE ASSOCIATION REPRESENTING MORE THAN 140,000 MEMBERS INVOLVED IN HOME BUILDING, REMODELING, MULTIFAMILY CONSTRUCTION, PROPERTY MANAGEMENT, SUBCONTRACTING, DESIGN, HOUSING FINANCE, BUILDING PRODUCT MANUFACTURING, AND OTHER ASPECTS OF RESIDENTIAL AND LIGHT COMMERCIAL CONSTRUCTION. FOR MORE, VISIT NAHB.ORG.