

# National Association of Home Builders

## Press release

**March 10, 2008** - In response to suggestions by NAHB, the IRS has announced plans to publish new guidance updating the regulatory rules for the energy-efficient home tax credit program (Section 45L).

The association supports the program - which provides \$2,000 tax credits for the construction and sale of homes achieving a 50% reduction in their energy consumption - as a useful incentive to increase the number of energy-efficient homes in the nation's housing stock without relying upon mandates.

The new IRS guidance (Notice 2008-35) clarifies that homes used for rental purposes qualify for the tax credit. The guidance also notes that homes built by a third-party contractor and sold to a home owner or leased to a tenant qualify.

In its guidance, the IRS has followed an NAHB recommendation to expand the eligible tax credit raters used to determine the energy-efficiency of new homes by allowing certain state energy agencies to serve as an "equivalent rating network." This change will increase the number of tax credit raters, reducing the administrative costs of the program for builders and home buyers.

Other changes made to the certification process - including allowing [Energy Star](#) sampling for larger builders - will increase the effectiveness of the program.

NAHB will continue to review the new rules and is advocating an extension of the tax credit program, which is scheduled to expire at the end of this year, as part of any future energy package enacted by Congress.