

Priority Issues

June 2025

BUILDING HOUSING SUPPLY AND OPPORTUNITY FOR ALL

Increase Housing Inventory Through Tax Incentives, Improve Access to Homeownership, Ensure Equal Access to Professional Representation, and Expand Economic Opportunities

REALTORS® serve residential and commercial property buyers and sellers in every zip code, providing critical support to consumers and serving as a trusted advisor through one of the biggest financial decisions of their lifetime.

With current market challenges like rising prices and low inventory, as well as shifting trends in commercial real estate, those seeking to buy or sell a home or open or expand a business know they need a REALTOR® by their side.

Addressing housing affordability starts with adding to the nation's severely limited inventory. The U.S. is facing an **underbuilding gap of 4.7 million units**. Middle-income buyers are feeling the inventory shortage the most. Approximately **420,000 listings** in the price range of \$260,000 and under are currently **missing from the market**. America's tax law can and must do more to promote homeownership, build stable communities, and boost economic growth.

REALTOR® Legislative Priorities

- **Support the bipartisan *More Homes on the Market Act*, which incentivizes more long-term owners to sell their homes** by increasing the amount of capital gains a homeowner can exclude on the sale of a principal residence and annually adjusting it for inflation.
 - *H.R. 1340* is sponsored by Representatives Jimmy Panetta (D-CA) and Mike Kelly (R-PA).
- **Support the bipartisan *Housing Supply Frameworks Act*, which removes barriers to new housing developments** by offering a framework for states and localities to modernize zoning and land-use regulations. By encouraging smart, locally driven reforms, this bill can help address the nation's housing shortage and expand access to affordable homeownership and rental opportunities.
 - *H.R. 2840* is sponsored by Representatives Mike Flood (R-NE) and Brittany Pettersen (D-CO).
 - *S. 1299* is sponsored by Senator Lisa Blunt Rochester (D-DE) with five additional bipartisan cosponsors.

- **Support the bipartisan *Revitalizing Downtowns and Main Streets Act*, which incentivizes the conversion of commercial buildings into residential units** by providing a temporary investment tax credit. Many older commercial properties can be adapted to better suit the needs of communities and create job opportunities, including affordable housing.
 - *H.R. 2410* is sponsored by Representatives Mike Carey (R-OH), Jimmy Gomez (D-CA), and twenty-six other bipartisan original cosponsors.
- **Support the *Uplifting First-Time Homebuyers Act*, which makes homeownership more accessible to first-time homebuyers** by increasing the IRA tax exception withdrawal limit from \$10,000 to \$50,000. The \$10,000 limit was set in 1997 when the tax exception was originally created by Congress; this bill raises it to reflect the increase in costs to purchase a home and makes the American Dream more accessible to all.
 - *H.R. 3526* is sponsored by Representative Beth Van Duyne (R-TX) and cosponsor Representative Julia Brownley (D-CA)
- **Support the *Fair and Equal Housing Act* to add sexual orientation and gender identity as protected classes under the Fair Housing Act** to help ensure equal housing protections for all Americans. This bill codifies the Supreme Court's *Bostock v. Clayton County* decision from 2020, which is effectively the law of the land.
 - The *Fair and Equal Housing Act* is sponsored by Representatives Brad Schneider (D-IL) and Brian Fitzpatrick (R-PA).

FAQs

Why should Congress update the capital gains tax exclusion on the sale of homes?

- U.S. tax law provides what was once a generous capital gains exclusion on the sale of a principal residence.
- Homeowners are facing a looming tax penalty simply for staying in their homes too long. The federal capital gains exclusion-capped at \$250,000 for individuals and \$500,000 for married couples-has never been adjusted for inflation. That outdated threshold is now distorting the housing market and locking up inventory.
- New research reveals the urgent need to modernize the federal capital gains exclusion for the sale of a primary residence-an outdated policy that's increasingly distorting the housing market and discouraging mobility.
- NAR commissioned new studies that find:
 - 29 million homeowners today (34%) already exceed the \$250,000 capital gains exclusion cap for single filers.
 - Over 8 million (10%) have gains above the \$500,000 threshold for married couples filing jointly.
 - By 2030, 56% of homeowners (47M) are projected to exceed the \$250K threshold-and nearly 20 million (23%) would surpass \$500K.
 - By 2035, nearly 70% (59M) of homeowners could be over \$250K in equity and 38% over the \$500K cap.
 - 8 states will have more than 40% of owners above the \$500K cap by 2030. 20 states by 2035.
- The result? A "stay-put penalty" that freezes inventory.
 - Seniors in appreciating markets-those who've contributed decades to their neighborhoods-can't afford to sell. They're hit with unexpected tax bills simply for building equity over time.



Many delay downsizing or relocating because they fear both the tax and the cost of buying again.

- o This is stifling market turnover, squeezing supply, and driving up prices for younger buyers.
- The bipartisan legislation would:
 - o Double the capital gains exclusion to \$500,000 for individuals and \$1 million for married couples.
 - o That outdated threshold, which has never been indexed for inflation since its inception in 1997, is now distorting the housing market and locking up inventory.
 - o Help unlock millions of homes for move-up buyers and first-time purchasers alike.
 - o Building equity shouldn't come with a penalty-it should come with opportunity.

How can Congress stabilize and revitalize struggling neighborhoods?

- Tax credits can help attract private investment to neighborhoods where property values are currently too low to support the cost of building or rehabilitating homes.
- Improving or replacing a critical number of homes in these neighborhoods would raise the appraised values of all homes in the neighborhood, thus turning around the look, feel, and desirability of the area.
- Tax credits can be designed to assist low- and moderate-income households (those earning less than 140% of the area median income) who want to purchase affordable, entry-level homes with the understanding that they will live in them for at least 5 years.
- Assuming an average tax credit of \$40,000, results over 10 years would include:
 - o 500,000 homes built or substantially rehabilitated,
 - o 785,714 jobs in construction and related industries,
 - o \$29.3 billion in federal, state, and local tax revenues and fees.

Why should Congress create a framework for zoning and land-use reform?

- Zoning and land-use policies can either constrain or promote housing production, depending on their structure.
- Zoning laws regulate land use, lot size, building heights, density, and other aspects of development.
- Many states and localities have restrictive zoning and land-use rules that make it impossible to build affordable and missing-middle housing.
- Providing a national strategy that states and localities can implement to modernize their zoning and land use rules encourages smart, locally-driven reforms that can help address the nation's housing shortage and expand access to affordable homeownership and rental opportunities.

Why should Congress incentivize the conversion of commercial space into residential and mixed-use properties?

- Converting properties into residential units would add thousands of units to the critically low housing supply.
- Many commercial buildings have not recovered from the COVID-19 pandemic, which has, in turn, harmed nearby small businesses and communities that have seen decreases in property tax income, higher crime rates, and increased blight in many areas.
- Converting these properties into residential units would help stanch the flow of lifeblood from our urban, suburban, and rural business districts.



- Incentivizing the conversion of even a relatively small percentage of these buildings can bring new life to neighborhoods, create jobs, and generate revenues at every level of government.
- The commercial real estate sector faces some serious challenges in the near future as many partially vacant buildings, which have dropped in value, will need to be refinanced at higher interest rates than were on their original loans. Converting some of these buildings should increase the value of all commercial real estate in the area.

Why should Congress increase the penalty-free IRA withdrawal limit?

- Congress created the tax exception for first-time homebuyers to withdraw up to \$10,000 from their IRA in 1997, when the median home price was \$ 115,000, to support their ability to purchase a home.
- That \$10,000 limit has not been increased since, while housing prices and other costs have risen dramatically.
- Today, the current median home price in the United States is over \$ 400,000.
- Increasing the amount that can be withdrawn penalty-free from an IRA from \$10,000 to \$50,000 reflects the increase in home prices and provides access to the American Dream for more first-time homebuyers.

Why should Congress adopt the Fair and Equal Housing Act?

- In 2009 and 2013, REALTORS® adopted a policy affirming that the right to buy or rent housing should not be abridged due to a home seeker's sexual orientation or gender identity.
- REALTORS® celebrated the Supreme Court's Bostock decision, holding that the prohibition on discrimination in employment "because of sex" included discrimination based on sexual orientation and gender identity.
- NAR applauded HUD's quick action to apply Bostock to the Fair Housing Act.
- By enacting the Fair and Equal Housing Act, Congress can codify what is effectively the law of the land.

SUPPORT SELF-EMPLOYED PROFESSIONALS

Protect the right to work independently

Protecting the right to work independently is a core priority for NAR.

With **88%** of REALTORS® operating by choice as self-employed independent contractors, NAR is leading the fight to preserve this flexible business model. Independent contractors do not receive employer-sponsored health insurance, requiring them to seek health care coverage on their own. NAR supports expanding access to affordable, quality health insurance options through Association Health Plans, ensuring REALTORS® and other independent contractors can get the care they need.



REALTOR® Legislative Priorities

- **Support the *Association Health Plans Act*, which provides REALTORS® with access to quality, affordable health care** by allowing self-employed individuals and small employers to buy health insurance through professional or trade associations.
 - *H.R. 2528* is sponsored by Representative Tim Walberg (R-NE) and eight additional original cosponsors.
 - *S. 1847* is sponsored by Senator Rand Paul (R-KY) with one additional cosponsor.
- **Support the *Direct Seller and Real Estate Agent Harmonization Act* to ensure real estate agents maintain their independent contractor status** by providing additional certainty under the Fair Labor Standards Act.
 - The *Direct Seller and Real Estate Agent Harmonization Act* is sponsored by Representatives Henry Cuellar (D-TX) and Kevin Kiley (R-CA).
- **Support the bipartisan *Main Street Tax Certainty Act* to preserve the 20% deduction for pass-through business income** by making permanent the Section 199A deduction.
 - *H.R. 703* is sponsored by Representatives Lloyd Smucker (R-PA), Josh Gottheimer (D-NJ), and Henry Cuellar (D-TX) with an additional 154 original cosponsors.
 - *S. 213* is sponsored by Senator Steve Daines (R-MT) with 45 additional cosponsors.

FAQs

Why should associations be able to offer health insurance plans?

- REALTORS® and other self-employed individuals often face significant financial burdens when purchasing health insurance or seeking necessary medical care.
- Association Health Plans (AHPs) allow bona fide trade associations to offer high-quality, low-cost health coverage options to their members.
- The *Association Health Plans Act* restores access to AHPs for small employers and self-employed individuals.
 - In 2018, the Department of Labor (DOL) expanded the definition of “employer” to include self-employed individuals and small employers in AHPs under the Employee Retirement Income Security Act, a move that NAR supported.
 - In 2024, the DOL rescinded the 2018 AHP rule, removing the option.

Why should real estate professionals be given federal protection to remain independent contractors?

- Real estate professionals play a vital role in thriving communities.
- Real estate represents 18.3% of U.S. GDP, supporting 2.8 million jobs and generates \$797 billion in property tax revenue each year.
- Each home sale produces \$125,310 in local economic activity and generates two jobs.
- 88% of REALTORS® are classified as independent contractors, and they choose this work arrangement because it provides greater freedom, flexibility, and autonomy, allowing for more flexibility for consumers.



- The U.S. Department of Labor released a final rule on worker classification under the Fair Labor Standards Act (FLSA) that creates a risk that REALTORS® may be misclassified as employees instead of independent contractors if the rule is applied under certain facts and circumstances.
- The *Direct Seller and Real Estate Harmonization Act* would ensure that real estate professionals continue to have the ability to choose how they are classified for labor purposes and is supportive of real estate professionals being classified as independent contractors.

Why should Congress make the 199A Qualified Business Income Deduction permanent?

- The 20% deduction for pass-through business income was created by the Tax Cuts and Jobs Act of 2017. It provided a significant boost for most real estate professionals who are in business for themselves or own an S corporation, LLC, or partnership.
- It creates equity between regular C corporations, which are qualified to receive a significant tax cut on their business income, and independent contractors and small businesses that operate in a “pass-through” form.
- Making 199A permanent provides predictability for independent contractors and small businesses, maintaining tax parity with larger corporations.

RESEARCH

NAR Research Products Help Inform Policymaking

The NAR Research Group is a valuable resource for both REALTORS® and the members of Congress who represent them. Our skilled economists produce and analyze a wide range of data, providing the best resources and information on real estate.

Research reports, papers, case studies, and surveys examine the latest trends and activities in real estate, as well as the impact national policies have or may have on this critical sector that makes up one-fifth of the nation's economy.

These resources are available to policymakers to use when considering legislation that affects real estate and real estate professionals. Here are a few recent NAR Research reports:

- [Congressional District and State Reports](#), [State Economic Impact Reports](#), and [Metro Market Statistics](#) provide data on housing and real estate trends affecting your constituents to inform policies supporting sustainable and affordable homeownership and a vibrant residential and commercial real estate market.
- Reports on home buying, such as [Home Buyers and Sellers Generational Trends](#) and [A Snapshot of Race and Home Buying in America](#), analyze market trends and show how homeownership can be a catalyst for building generational wealth.
- NAR Research and Realtor.com® partnered on [The Issue: Housing Affordability and Supply](#) to estimate how many homes are missing by income level, comparing the number of homes available and affordable for each level now versus what they should be able to afford in a balanced market.



- [Commercial Market Insights Reports](#), and [Commercial Real Estate Metro Market Reports](#) reveal the crucial role of commercial real estate in revitalizing communities.

Many more reports, surveys, and data collections are available on the [NAR Research page](#).

Join the Bipartisan Real Estate Caucus, chaired by Representatives Mark Alford (R-MO), J. Luis Correa (D-CA), Tracey Mann (R-KS), and Brittany Pettersen (D-CO).

