

Issue  
**#2**

## Increasing Access to Homeownership and Promoting Fair Housing through Legislative Reform

### FUNDING REQUEST

- **Total Project or Program Cost:** Not Applicable (Primarily Policy-Based)
- **Requested Amount for Project or Program:** Not Applicable

### REQUESTED STATUTORY CHANGE

- 1. More Homes on the Market Act** - Amend the Internal Revenue Code to reduce the capital gains tax penalty on long-term homeowners selling their homes.  
**Proposed Change:** Modify IRC Section 121 to raise the capital gains exclusion cap or adjust ownership and use tests to better reflect current market conditions and incentivize inventory turnover.
- 2. Revitalizing Downtowns and Main Streets Act** - Introduce a tax credit for converting unused commercial space into residential or mixed-use properties.  
**Proposed Change:** Create a new section in the IRC providing a tax incentive (e.g., 20% credit) for qualified expenditures on commercial-to-residential conversions.
- 3. Neighborhood Homes Investment Act** - Enact new tax credit program for private investment in developing and rehabilitating affordable, owner-occupied homes.  
**Proposed Change:** Establish a new credit under the IRC for developers or financial institutions investing in eligible housing developments in underserved neighborhoods.
- 4. Yes In My Backyard (YIMBY) Act** - Encourage zoning and policy reform to promote housing development.  
**Proposed Change:** Condition certain federal housing and transportation grants on local jurisdictions reporting and addressing barriers to housing development.
- 5. Direct Seller and Real Estate Agent Harmonization Act** - Protect real estate professionals' classification as independent contractors.  
**Proposed Change:** Amend the Fair Labor Standards Act to explicitly affirm independent contractor status for real estate professionals under defined criteria.
- 6. Fair and Equal Housing Act** - Expand Fair Housing Act to include sexual orientation and gender identity.  
**Proposed Change:** Amend the Civil Rights Act of 1968 (Fair Housing Act) to include "sexual orientation" and "gender identity" among the list of protected classes.

### ISSUE SUMMARY

The United States is experiencing a housing affordability crisis due to a critical shortage of housing inventory, outdated tax policy, and barriers to development. The National Association of REALTORS® (NAR) proposes targeted statutory reforms to expand housing access, promote fair housing, support commercial revitalization, and protect the professional status of real estate agents.

### FULL DETAILED BACKGROUND

The National Association of REALTORS® represents more than 1.5 million members involved in all aspects

of the residential and commercial real estate industries. REALTORS® are on the front lines of the housing market, witnessing firsthand the effects of inventory shortages, rising prices, outdated zoning, and tax disincentives that limit housing availability and accessibility.

The More Homes on the Market Act seeks to reduce the so-called "lock-in effect" by adjusting capital gains tax laws that discourage long-time homeowners from selling. The Revitalizing Downtowns and Main Streets Act incentivizes conversion of underused commercial properties to residential use, which has become a priority post-pandemic. The Neighborhood Homes Investment Act provides targeted investment in distressed neighborhoods to create new pathways to homeownership.

The YIMBY Act empowers local governments to assess and eliminate restrictive development policies, aligning federal support with pro-growth planning. Meanwhile, REALTORS® remain committed to fair housing and professional standards. The Fair and Equal Housing Act is a natural evolution of civil rights protections to reflect contemporary understanding of discrimination. The Direct Seller and Real Estate Agent Harmonization Act clarifies legal ambiguities around contractor status, preserving flexibility vital to the real estate profession.

Research products from NAR—including district-level housing reports and demographic buying trends—provide Congress with data-driven insights to support these legislative efforts. Community feedback, especially from younger buyers, retirees, and historically disadvantaged groups, consistently highlights inventory, affordability, and discrimination as key barriers to homeownership.

### BENEFITS/EXPECTED OUTCOME

- Increased housing inventory and mobility by reducing tax-related disincentives.
- Revitalization of commercial districts through residential redevelopment.
- Expansion of affordable housing in underserved neighborhoods.
- Streamlined development approvals and zoning reforms at local levels.
- Protection of the independent contractor status for real estate professionals.
- Strengthened federal fair housing protections for LGBTQ+ individuals.

These changes will promote equity, improve access to homeownership, and strengthen local and national economies by leveraging real estate as a tool for sustainable community growth

### POINT OF CONTACT

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