



2015 Tax Extenders

The Protecting Americans from Tax Hikes Act of 2015 (PATH) made many temporary tax provisions permanent and provided a two-year retroactive renewal for others through the end of the year 2016, including the following relating to real estate.

- **Low Income Housing Tax Credit.** The bill permanently sets the credit rate at 9% for housing credits used for financing new construction and substantial rehabilitation. When credit rates decline, less equity is available for developments, so keeping a permanent minimum 9% floor on federal housing credits is a significant victory for affordable housing. This will provide all developers with much-needed certainty when planning future projects.
- **Deduction for Energy-Efficient Commercial Buildings (179D).** This provision extends through 2016 a deduction up to \$1.80 per square foot for commercial buildings, including multifamily buildings built under the commercial code that meet the baseline ASHRAE 2007 standard.
- **Bonus Depreciation.** Originally intended as a short-term stimulus item, the bill extends but phases out the bonus depreciation for property acquired and placed in service during 2015 through 2019. The bonus depreciation percentage is 50% for property placed in service in 2015, 2016 and 2017, dropping to 40% in 2018 and 30% in 2019. Bonus depreciation applies to qualified property with a recovery period of 20 years or less.
- **Mortgage Insurance Premiums.** This provision allows taxpayers, subject to an income cap beginning at \$100,000, to deduct premiums paid for private mortgage insurance and FHA/RHA/VA insurance premiums. The deduction of mortgage insurance premiums is extended through 2016 and is expected to save home owners \$1.3 billion for tax year 2015.

ARDA Position

ARDA has long supported permanent tax provisions that create greater certainty for the real estate industry to ensure a more robust sector and overall economy.