ENVIRONMENTALISTS who are worried about global warming should pay attention to the congressional debate about extending the home buyers tax credit. Federal tax policies toward housing have long encouraged Americans to emit more carbon. President Obama could do the country, and the planet, a service by either refusing to sign the extension of the $8,000 credit or by insisting that it be accompanied by offsetting reductions in the home mortgage interest deduction.

According to the Residential Energy Consumption Survey, per person energy use in owner-occupied housing is 39 percent higher than in rental units. Energy use, per household member, is 49 percent higher in single-family detached houses than in apartments in buildings with more than five units. These differences reflect the strong connection between home size and energy use. The average four-bedroom house consumes 72 percent more electricity than the average two-bedroom house.

Yet the tax code encourages Americans to live in big, energy-guzzling homes, instead of thrifty apartments, and Congress seems intent on further unbalancing the federal budget to egg on home buyers. Congress appears ready to extend the home buyers tax credit, which is set to expire on Dec. 1, until the middle of 2010. A particularly bizarre feature of the proposed extension is that the credit would go not only to new home buyers, but also to current owners who decide to upgrade.

But the real problem with the credit is that it continues the long-standing federal push toward far-flung McMansions and away from dense, apartment living. In the 1950s, the Interstate Highway System encouraged Americans to flee older urban areas. Nathaniel Baum-Snow of Brown University found that each “new highway passing through a central city reduces its population by about 18 percent.” The home mortgage interest deduction further encouraged suburbanization, because rental units are disproportionately in cities while owner-occupied homes are disproportionately distant from city centers.

This pro-suburb, pro-big home policy push helps keep America’s households consuming plenty of energy, both inside the home and in the car. On average, as density doubles, household gasoline consumption falls by about 110 gallons per year. When a household moves from living 2 miles away from a city center to 10 miles away, gasoline consumption increases by more than 100 gallons annually. Smart environmentalism should push against tax policies that encourage more suburban sprawl.

Some correctly emphasize that major changes in America’s household energy consumption will have only a modest direct impact on global carbon emissions. If 50 percent of America’s housing stock is newly built over the next 30 years and if America adopts wiser policies that reduce the emissions associated those homes and their cars by 50 percent, then America’s total household emissions will decline by a quarter, which will cause total US emissions to fall by 10 percent and global emissions to drop by 2 percent.

But this type of calculation misses the main reason to get our own house in order. If China and India move to US per capita carbon emission levels, world carbon emissions will increase by more than 150 percent. Yet current American attempts to persuade China to emit less carbon, are, as one distinguished economist put it, akin to a “nation of SUV drivers trying to tell a nation of bicyclists not to drive mopeds.” To have any global credibility, the United States must stop enacting new policies that encourage SUV lifestyles.

If the president decides to extend the home buyers tax credit, he can at least decrease its impact on both the environment and the deficit by adopting a recommendation that President Bush’s tax reform panel urged in 2005 to reduce the upper limit on the home mortgage interest deduction. The revenues from reducing that limit would offset the further fiscal imbalance created by extending the tax credit, and would reduce the incentive to buy and build suburban McMansions.
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