

Higgins Leads Push to Approve Neighborhood Homes Investment Act

Bill Creates Neighborhood Homes Tax Credit Supporting Neighborhood Stabilization Through Home Rehab in Communities Lacking Investment

Rep. Brian Higgins, July 1, 2020

As National Homeownership Month comes to a close, Congressman Brian Higgins (NY-26) is making a push to approve H.R. 3316, the Neighborhood Homes Investment Act (NHIA), legislation he is sponsoring with Rep. Mike Kelly (R-PA-3) designed to encourage investment in distressed neighborhoods.

The Neighborhood Homes Investment Act (NHIA) creates a tax credit allocated through states to cover the gap between the cost of construction and the sales price of a home. It is modeled on the Low Income Housing Tax Credit, which has a thirty-year track record of spurring the construction of affordable apartments.

“In older communities like Western New York you find homes with “good bones” but the cost of necessary rehab, when taking into consideration home values, oftentimes discourages investment,” **said Congressman Higgins.** “This value gap leaves beautiful homes in historic neighborhoods deteriorating. The Neighborhood Homes Investment tax credit closes the gap, encouraging residents and organizations to build stronger neighborhoods, while maintain affordability.”

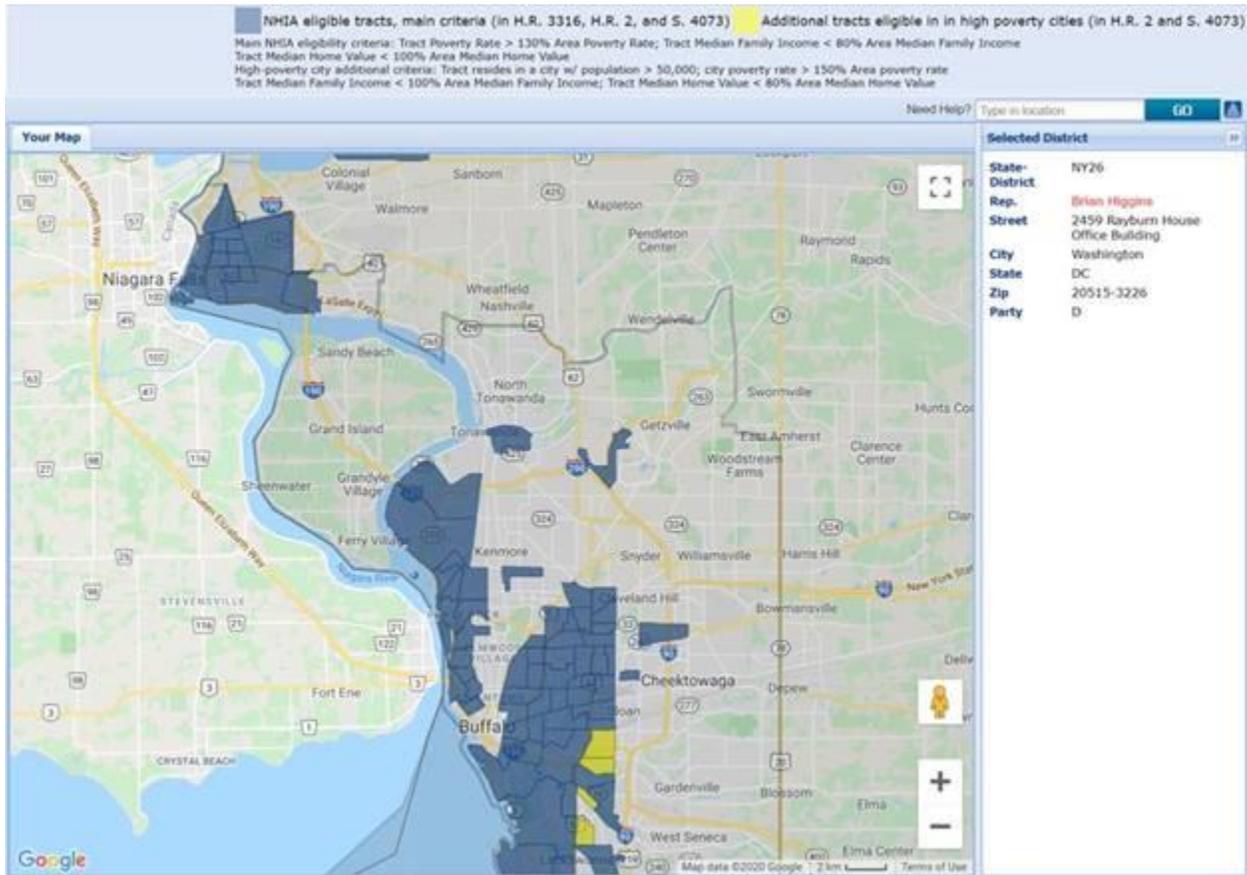
Teresa Bianchi, Executive Director, Habitat for Humanity Buffalo added, “Buffalo has some of the oldest housing stock in the nation. The remediation of lead and asbestos, paired with years of disrepair makes it cost prohibitive to rehab blighted properties. They often sit vacant, creating safety and health hazards for neighbors. New funding will assist in getting properties back into productive use while preserving the character of the neighborhoods in which they stand.”

“As a result of racism and structural disinvestment, many of our neighborhoods struggle with low property values – making new construction and renovations of homes difficult to finance,” **said Julie Barrett O’Neill, LISC WNY, Executive Director.** “This Tax Credit will help close the financing gap – helping residents renovate their homes and creating new opportunities for home ownership and wealth building. Critically important, the bill includes measures to support existing homeowners– honoring the role that long standing residents play in neighborhood vitality.”

Sensitive to the concerns of community residents, the bill prevents gentrification and house flipping by placing limits on sale prices and eligible homeowner incomes. Homes must be owner-occupied. Current homeowners in qualifying neighborhoods may also use the credit for home renovations.

The tax credits in H.R. 3316 can be used exclusively for modest homes in neighborhoods that meet strict targeted eligibility requirements, approximately 23% of

Census tracts nationwide. The map below highlights the neighborhoods eligible in Congressman Higgins' district.



How it works:

Property Acquisition	\$ 50,000
Construction/Rehabilitation	\$150,000
Total Development Cost	\$200,000
Less: Sales Price	- \$160,000
NHIA Tax Credit (Value Gap)	\$ 40,000

Based on the financing example above, the impact over 10 years would include:

- 500,000 homes built or substantially rehabilitated
- \$100 billion of total development activity
- 785,714 jobs in construction and construction-related industries
- \$42.9 billion in wages and salaries
- \$29.3 billion in federal, state, and local tax revenues and fees

Under the bill states will allocate NHIA tax credit authority on a competitive basis and monitor compliance. The Internal Revenue Service (IRS) will develop guidance, collect national NHIA data, and monitor state agency performance.

The bill is included in the Moving Forward Act (H.R. 2), a comprehensive infrastructure package scheduled for a vote in the House of Representatives today.

U.S. Senators Ben Cardin (D-Md.) and Rob Portman (R-Ohio), members of the Senate Finance Committee, are lead sponsors of the Neighborhood Homes Investment Act in the Senate (S. 4073).

Supporters of H.R. 3316 include: Habitat for Humanity, Local Initiatives Support Corporation (LISC), National Association of Realtors, National Association of Affordable Housing Lenders, National Fair Housing Alliance and the National NeighborWorks Association.

For more information on the legislation and eligible communities visit:

www.neighborhoodhomesinvestmentact.org.