

Senators Introduce 'Neighborhood Homes Investment Act' to Expand Homeownership Opportunities and Revitalize Communities

500,000 deteriorated homes could be renovated and resold under the new Senate bill

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WASHINGTON, Jan. 28, 2021 /PRNewswire/ -- Bipartisan legislation introduced today would create a new federal tax credit to fuel development and rehabilitation of single-family homes and attract \$100 billion in development activity to underserved rural and urban communities across the country.

The [Neighborhood Homes Investment Act](#) (NHIA), introduced by Senators Ben Cardin (D-MD) and Rob Portman (R-OH), and co-sponsored by Senator Tim Scott (R-SC), Senator Todd Young (R-IN), Senator Chris Coons (D-DE) and Senator Sherrod Brown (D-OH), would encourage private investment in an estimated 500,000 homes that currently cannot be developed or rehabilitated because the costs to do so exceed the value of the home. The tax credit supports development of homes in rural communities struggling with the costs of new construction, as well as the rehabilitation of homes in blighted urban communities, where vacant homes depress property values and thwart broader revitalization efforts.

NHIA is designed to address a difficult market reality in many communities: the cost for developers to acquire and rehab blighted properties or build new homes exceeds what they could earn when they sell the homes. The NHIA tax credit would help them fill that gap, up to 35 percent of the eligible development cost, and thereby reduce their risk of loss. It would encourage investment, create affordable homeownership opportunities, and support widespread revitalization of urban, suburban, and rural communities.

"Everyone deserves a safe and affordable place to call home and an opportunity to build equity and wealth for their family. Our bipartisan tax credit will drive investment and revitalize neighborhoods in Baltimore and across Maryland while keeping them affordable for low- and moderate-income families," **said Senator Cardin**. "By building on the success of the Low-Income Housing Tax Credit (LIHTC) and New Markets Tax Credit (NMTC), we can attract investment in communities that need it most. President Biden's campaign supported the Neighborhood Homes Investment Act, a strong sign of the growing support and need for this program now."

"The Neighborhood Homes Investment Act provides a tax credit to rehabilitate blighted homes and help revitalize neighborhoods across America and Ohio," **said Senator Portman**. "As we continue to battle the ongoing COVID-19 pandemic, this tax credit will encourage opportunity and investment in neighborhoods that are often home to vulnerable populations and marked by stagnant housing markets, foreclosures, and blighted or vacant homes. I urge my colleagues to join me in supporting this new incentive which will work in tandem with the New Markets Tax Credit, Opportunity

Zones, and the Low-Income Housing Tax Credit to help Ohioans by providing desirable housing and generating new opportunities for their residents."

NHIA tax credits would be awarded to project sponsors—which could include developers, lenders, or local governments—through statewide competitions administered by state housing finance agencies. Sponsors could use the credits to raise investment capital for their projects, and the investors could claim the credits against their federal income tax when the homes are sold and occupied by moderate- and middle-income homebuyers.

"Rehabilitating existing homes and building new ones can prevent or even reverse a trajectory of decline in a community," said Julia Gordon, president of the National Community Stabilization Trust. "With affordable housing inventory extremely tight right now, this program offers a win-win of revitalizing neighborhoods and increasing housing supply, thereby providing new opportunities for families to access homeownership."

The Neighborhood Homes Coalition estimates that the NHIA would support a substantial economic impact over the next 10 years. In addition to the 500,000 homes that would be rehabbed and \$100 billion in development activity, estimated impacts of this legislation include:

- 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

In addition, by increasing the stock of moderately priced single-family homes, the NHIA will help create homeownership and wealth building opportunities for minority and first-time homebuyers.

About Us

The Neighborhood Homes Coalition is a national advocacy group comprised of 25 organizations, including housing and community development nonprofits, financial institutions, and related trade associations—all supporting enactment of the NHIA. Please visit neighborhoodhomesinvestmentact.org for additional information.

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