

# Law360 Tax Authority

Analysis

## Biden Rehab Credit Proposal Could Draw Bipartisan Support

By [Alan K. Ota](#) · April 5, 2021, 5:15 PM EDT

President Joe Biden's endorsement of a Senate proposal for a neighborhood homes rehabilitation tax credit likely would help to build bipartisan support for the measure as a way to strengthen communities and boost low- and middle-income families.

Biden promoted the incentive as part of the [tax framework for financing](#) infrastructure projects, paid for with revenue collected over 15 years from higher business levies, including a 28% corporate tax and a new 15% minimum tax on book income reported in financial statements by large corporations.

A summary of Biden's plan said it included \$20 billion in new neighborhood homes investment tax credits over five years to rehabilitate or to build 500,000 homes as part of a broader plan for promoting affordable housing with targeted tax credits, grants and project-based rental assistance.

The neighborhood homes investment tax credit would cover 35% of the the lesser of qualified development costs or 80% of the national median home sale price based on [Census Bureau](#) data.

Sen. Benjamin Cardin, a senior member of the Senate Finance Committee, said Biden's pitch was similar to his Neighborhood Homes Investment Act proposal, S. 98, and that it would draw bipartisan support in both chambers as a way "to create new pathways for more families to buy a home and to start building wealth."

Cardin, D-Md., and other Democrats are laying groundwork to move parts of Biden's two-pronged recovery blueprint — the infrastructure plan and a follow-on batch of family incentives — in several bills including a multiyear surface transportation reauthorization

and a potential filibuster-proof fiscal 2022 reconciliation bill.

Sen. Mark Warner, D-Va., another member of the Finance Committee, took a somewhat muted stance Monday on Biden's tax plan, saying only that he had some concerns about some of the proposed increases in business levies that he wanted to discuss in private with the Biden administration. He and other Democrats have explored a number of [options for business tax hikes](#) to fund priorities.

However, Warner said he believed the home rehabilitation incentive and other affordable-housing measures backed by Biden would gain traction in the coming weeks.

"The one thing we've seen through COVID is that we've got a housing crisis in this country. There's a lack of available new stock or renovated stock," Warner told Law360.

Kristin Siglin, a vice president of the National Community Stabilization Trust, a nonprofit group that restores abandoned homes, said the Biden-backed proposal would clear the way for families to buy rehabilitated houses in census tracts characterized by low incomes, low home values and high poverty rates.

"There are many neighborhoods where it costs more to rehab homes and get them in good repair than the house can be sold for. This tax credit will enable a buyer to get a mortgage," Siglin told Law360.

Senate Finance Chairman Ron Wyden, D-Ore., and House Ways and Means Chairman Richard Neal, D-Mass, both have stressed their desire to move affordable-housing incentives as part of an infrastructure tax package.

Neal has vowed to develop a strong [package of housing-related incentives](#) similar to those that accounted for a quarter of the \$347 billion infrastructure tax package in the now-defunct Moving Forward Act. That measure died in the Senate after passing the House, 233-188, in July, but it now could serve as a model for a reconfigured multiyear surface transportation reauthorization with parts of Biden's plan.

Other items likely to be in the tax package for the highway bill include an expansion of the low-income housing tax credit to cover rural and tribal communities and an expansion of tax-exempt bond financing for low-income housing. Democrats also are continuing to examine Biden's proposal on the 2020 campaign trail for a [first-time homebuyer tax credit](#) and proposals in Congress for [tweaks to opportunity zones](#).

For their part, Republicans have attacked Biden's plan for using business tax increases to finance infrastructure, but they have signaled a willingness to work with Democrats on incentives designed to broaden access for working families to affordable housing.

Sen. Todd Young, R-Ind., a member of the Finance Committee, has criticized business tax hikes in Biden's plan, but said some Republicans would be willing to back some incentives for affordable housing including the Biden-backed proposal for a neighborhood homes investment tax credit.

"We need to encourage housing affordability, particularly for regular Americans who want to be able to live and work and raise families near where jobs are located," Young, a former chairman of the National Republican Senatorial Committee, told Law360.

Sen. Mike Crapo, R-Idaho, ranking member on Wyden's panel, has poured cold water on Biden's infrastructure plan, but he expressed interest in working on measures to support housing for low-income families.

"I've got to see what the details are," Crapo told Law360.

Despite GOP opposition to business tax hikes and other parts of Biden's plan, Sen. Maria Cantwell, D-Wash., a senior member of the Finance Committee, said she believed there would be consensus support in both chambers for moving affordable-housing incentives backed by Biden and party leaders in the coming weeks.

"There's broad agreement that affordable housing is an infrastructure issue," Cantwell told Law360.

In unveiling his infrastructure framework Thursday, Biden said the plan would help to "build, upgrade, and weatherize affordable, energy-efficient housing and commercial buildings for millions of Americans."

Emily Cadik, executive director of the [Affordable Housing Tax Credit Coalition](#), an alliance of housing professionals backing the low-income housing tax credit, said the Biden plan would help to put a spotlight on the issue and help to advance incentives on Capitol Hill.

In addition to the proposed neighborhood homes investment tax credit, Cadik said she was hopeful that there would be support for expanding the low-income house tax credit, which supports development of rental housing.

"We are very encouraged by the strong level of support for affordable housing generally, as well as comments that a number of newly appointed Biden administration officials have made in support of the low-income housing tax credit," Cadik told Law360.

--Editing by Tim Ruel and Vincent Sherry.