

How President Biden's Infrastructure Plan Could be Used for Fixing up San Diego Housing

The legislation includes funding for fixing up poor housing for homeowners in underserved areas.

By Philip Molnar, The San Diego Union-Tribune, April 13, 2021

It is common for homes in San Diego County's poorest neighborhoods to be more than [100 years old](#) and many of them could probably use much more than a new paint job.

President Joe Biden's [\\$2.3 trillion infrastructure plan](#) introduced recently includes a piece of legislation that would give homeowners tax credits to fix up old houses in certain areas of San Diego County.

Some of the areas identified for repair and investment are some of the region's poorest: San Ysidro, National City and parts of East San Diego and El Cajon.

Most of the headlines regarding Biden's plan have focused on repairs to roads and bridges, electric vehicle charging stations, improvements to rail systems and the expansion of broadband Internet. Yet the inclusion of the Neighborhood Homes Investment Act, first [introduced in the Senate](#) in late January, could be one of the most noticeable things locally for housing.

Everything is still up in the air as Republicans in Congress have been critical of the president's plan, arguing it includes too much that is not considered infrastructure and raises taxes. However, the Neighborhood Homes Investment Act is bipartisan legislation from Sen. Rob Portman, R-Ohio, and Sen. Ben Cardin, D-Maryland.

Cardin told The San Diego Union-Tribune that he believes there is still strong bipartisan support for the Homes Investment Act.

"Everyone deserves a safe, decent and affordable place to call home," he said, "and an opportunity to build equity and wealth for their family. Blight and abandonment and the affordability of decent housing are national issues."

The act is far-reaching and could be used locally for building a new home in areas identified or for existing homeowners to make repairs. In practice, it is more likely that the tax credit would be used for fixing up existing homes as there are very few vacant lots in San Diego County.

There are already tax breaks for building new subsidized housing — called the Low-Income Housing Tax Credit — but nothing for fixing up old housing. The tax credit from the Homes Investment Act is specifically modeled after the subsidized housing tax credit.

It is common in today's real estate environment for an affluent buyer to buy an old property in, for example, Logan Heights, and dump a ton of money into it for repairs. Under this bill, however, the tax credit would enable low-income homeowners to stay in their neighborhood and make repairs — as opposed to selling and moving away.

How it would work: A homeowner would work with an investor, such as a bank, to pay for the repairs through a loan. Then, once repairs are completed and the property is owner-occupied, the homeowner gets a tax credit for up to 35 percent of the costs. The repairs must be at least \$20,000.

The National Council on State Housing Agencies estimates up to 500,000 homes could be built or substantially rehabilitated with the act over 10 years and support up to \$100 billion in total development activity.

The bill had a broad range of support from different groups, including Habitat for Humanity, the National Association of Realtors, the National Urban League, and the National Association of Hispanic Real Estate Professionals.

"I have never worked with as diverse of a coalition as this is," said Kristin Siglin, vice president of policy for the National Community Stabilization Trust. While most attention on the Homes Investment Act is mainly aimed at how very blighted communities, such as Detroit, could benefit. It could have a unique side effect in the Golden State by keeping people here.

More people have left California than moved here for several years. From July 2019 to July 2020, 135,000 more people left the state than moved here and it was the [largest ever net migration loss](#) recorded. The state's population is still growing more than any other state and, as a percentage of population, California has [lost fewer residents](#) than most states. Still, many San Diego real estate agents [have reported](#) sellers "cashing out" and moving to lower-cost states.

Communities were chosen by finding areas where homeowners make 140 percent or less of their area's median income. Parts of San Diego affected included City Heights, Normal Heights, Logan Heights, Grant Hill and Sherman Heights. Also included are Lemon Grove, National City and parts of Chula Vista, El Cajon, Escondido and Oceanside. An online search map is available at <http://districts.reomatch.com/NHIC.asp>.

The majority of communities affected locally are in the 51st Congressional District, represented by Democrat Juan Vargas, and the 53rd Congressional District, represented by Democrat Sara Jacobs.

Jacobs said in a statement that the high cost of housing is one of the biggest burdens for residents of San Diego County and a lot of the features in the bill, and the overall infrastructure bill, could lower costs.

“This is a crisis and legislation like the Neighborhood Homes Investment Act will help more folks afford better housing,” she wrote. “Fighting to lower rising housing costs will be critical to getting our economy back on track and helping American families recover.” A handful of communities in the 50th Congressional District, represented by Republican Darrell Issa, could benefit. He did not respond to a request for comment. The senator who co-sponsored the bill, Portman, also did not respond to request for comment. He has [been critical](#) of Biden’s infrastructure plan, arguing tax increases to pay for it would harm businesses.

While the act is focused on owner-occupied housing, there are other programs that could help renters and future homeowners in the president’s infrastructure proposal. It has included a grant program for loosening zoning restrictions that could spur more housing and possibly lower costs by increasing supply. It also proposes \$40 billion to build and repair public housing.