Neighborhood Homes Investment Act (S.98)

Audience

Every member of Congress, with special focus on members of the Senate Finance and House Ways and Means Committees and representatives of states with significant numbers of owner-occupied homes in need of repair or vacant lots in distressed neighborhoods.

Request

Ask all members of Congress who have not already done so to cosponsor the Neighborhood Homes Investment Act (S. 98/House bill likely to be introduced soon; H.R. 3316 in the last Congress). Urge members of Congress to support advancing this highly-targeted legislation, including as part of any comprehensive infrastructure package Congress considers, and to provide state administrators flexibility to allocate up to 20 percent of their tax credits wherever the state determines they are needed and can be best used.

Support the Neighborhood Homes Investment Act

- The Neighborhood Homes Investment Act (NHIA) tax credit is a proposed new federal tax credit that would attract capital to build and rehabilitate an estimated 500,000 affordable owner-occupied homes in distressed urban, suburban, and rural neighborhoods over the next decade. States would receive the greater of $6 per capita or $8 million to allocate for this purpose (approximately $2 billion total).
- While the Low Income Housing Tax Credit (Housing Credit) has provided an effective means of closing development gaps in low-income, multifamily rental housing, there is no reliable reinvestment tool to close the value gap for aging single-family housing stock or to construct in-fill, homeownership units in distressed neighborhoods.
- The NHIA tax credit program is highly targeted by area poverty, income, and median home values — 22 percent of census tracts nationwide (23 percent in the Senate bill) and 25 percent of non-metro census tracts are eligible for NHIA assistance. All states have census tracts that would benefit from NHIA.
- Purchasers of the rehabilitated or newly constructed homes (or owner-occupants of older homes improved with the tax credit) may not earn more than 140 percent of area median income.
- The NHIA tax credit program requires only limited federal bureaucracy to operate because state housing finance agencies (HFAs) would administer the allocation, underwriting, and monitoring responsibilities. HFAs, which currently also administer the Housing Credit in nearly every state, have statewide perspective and a deep understanding of the needs of their local markets and players, such as developers, investors, and lenders, who would utilize the NHIA program.

- The Neighborhood Homes Coalition, of which NCSHA is one of more than 20 member organizations, estimates each $2 billion (the estimated annual amount allocated) in NHIA tax credit investment, assuming an average NHIA tax credit of $40,000, over 10 years, would lead to:
    - 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
- The NHIA tax credit program harnesses the market forces of a tax credit to raise private capital from investors to finance or conduct construction/renovation and instills market discipline, because those investors bear the construction and property marketing risks — the tax credit may be claimed only *after* construction, inspection, and *owner occupancy* of the home have been completed.