Neighborhood Homes Investment Act:

Changes from Previous (117th Congress) Bills

1. Allocation volume inflation adjustment: Increases state credit volume from $6 per capita to $7 and the small state minimum from $8 million to $9 million, to account for inflation since 2020. This change should maintain projected production of 50,000 homes annually.

2. Additional state flexibility: (1) Adds exception eligibility for Presidentially declared disaster areas; (2) Increases the exception percentage from 20% to 40% for states that have both relatively high nonmetro population shares and relatively few census tracts meet the general standards (MT, ND, SD, VT, WY); and (3) allows state agency discretion to bump up the credit amount to 120% of the gap between development costs and the sales price if necessary for project feasibility.

3. Owner-occupied rehabs: (1) Limits the income of eligible homeowners to 100 percent of the area median income; (2) Increases the credit percentage to 50%; (3) Limits the credit amount to $50,000 per home; (4) Includes reconstruction in the definition of substantial rehab; and (5) requires states to set standards for disclosure of homeowners rights and responsibilities and determining a homeowner's capacity to repay the portion of rehab costs not covered by the tax credit.

4. Project selection criteria enhanced guardrails: (1) "Neighborhood impact" includes the impact on neighborhood residents; (2) "Sponsor capability" includes its prior performance.

5. Coordination/streamlining with other laws: (1) Exempts Neighborhood Homes credits from the alternative minimum tax; (2) Allows energy efficiency credits and certain state energy efficiency grants to be used with Neighborhood Homes credits without penalty or basis reduction.